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OBSERVATIONS ON THE COTTON SITUATION IN CHINA IN 1948

A REPORT OF DEVELOPMENTS IN THE PRODUCTION AND UTILIZATION OF COTTON IN CHINA.

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By

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Agricultural Economist

FOREWORD

Because of the need for appraisal of some of the factors which will contribute to the determination of the course of cotton production and utilization in the Far East, and thus affect the export market for United States cotton, a study of the situation in China, Japan, India, and Pakistan was made by the Office of Foreign Agricultural Relations in 1948.

Dr. Ide P. Trotter, while on leave from his duties as Director of the Agricultural Extension Service at the Agricultural and Mechanical College of Texas, made the first-hand study for this Office during the period March-August 1948. Dr. Trotter's observations in the four countries are summarized in a series of three circulars. His observations in China are presented in this circular; in Japan, in Foreign Agriculture Circular FC-2-49; and in India and Pakistan, in Foreign Agriculture Circular FC-3-49. These circulars can be obtained, free, from the Office of Foreign Agricultural Relations, U. S. Department of Agriculture, Washington 25, D. C.

This study was conducted under the provisions of the Research and Marketing Act of 1946. The possibilities for broadening the foreign market for other agricultural commodities also are being studied, and the findings are presented in other circulars available from this Office.

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China is a producer as well as a spinner of cotton. Just prior to the Japanese invation in 1937, China's production of raw cotton about equalled its utilization (See Table 1). Cotton was imported into China for the use of the mills there, but these imports were about balanced by exports of raw cotton. Such imports averaged 340,000 bales during the 5-year period, 1934-38, and consisted mostly of longer stapled cotton and exports of short-stapled cotton.

Following the invasion of China, the Japanese gradually took over coastal territories, including a very large part of the best cotton-producing areas and most of the spindleage of the country. They put into operation programs for improvement in cotton production and manufacture, setting up experiment stations and enforcing the use of the best available seed stock.

After the Japanese left China, the Chinese Government took over these programs and enlarged upon them, with the result that in early 1948 the Government was attempting to establish almost complete control of production, marketing, and utilization of cotton in China.

Cotton production in China has been recovering lately from the low point to which it had fallen in the early forties. Civil war, however, has interfered seriously with the movement of cotton from producing areas to the mills. While the cotton mills of China, as of the spring of 1948, were located largely in areas under Nationalist control, increasing percentages of the producing areas were coming under control of the anti-Nationalist forces. This affected, particularly, the supply of the longer staple cotton, for most of this cotton is produced in North China and, therefore, was largely under anti-Nationalist control. Because of this fact, Chinese mills depended more and more upon imported cotton, preferably of better staples and grades than their own cotton.

There is a potential market demand for textiles in China which could ultimately absorb all of the production of the Chinese mills. China has been exporting a limited amount of textiles in past months, partly to meet loan provisions requiring foreign exchange for repayment. Chinese production costs are, however, reported to be relatively high, which handicaps an export program. As a matter of fact, it is doubted that Chinese textile production costs will soon be brought in line with costs of competing supplies in the Orient, particularly in Japan. Thus, while the Chinese hope for an expansion of the cotton textile industry and development of a substantial export program, the realization of such aspirations will require peace, and efficient operation throughout the industry in China, in order to provide the necessary raw materials and the finished product at competitive cost levels.

Production

Production of raw cotton in China, which has been rising steadily since reaching the low point of 1,500,000 bales in 1943, was estimated at 2,136,000 bales in 1947, as compared with an average of 2,855,000 bales for the 5-year period, 1935-39.

When the Japanese took over in 1937, they began an elaborate program for the improvement of Chinese cotton. The Japanese forced changes in varieties, attempted to improve cultural methods, and instituted programs of research designed to aid in cotton improvement. China, since the close of the war, has set up an elaborate government organization to carry on a similar and enlarged program of work with the cotton producers. The program of the National Cotton Improvement Bureau provides for the propagation and distribution of improved seed stock, establishment of one-variety communities, distribution of and equipment for the application of fungicides and insecticides, an extension service, and a comprehensive program of research. Much of this program was made possible through UNRRA and other aid from the United States. Experts are being trained to work directly with the farmers in an effort to improve cultural practices.

There is a desire on the part of the Government to increase the production of longer staple cotton. The Cotton Improvement Bureau is charged with the responsibility for developing and multiplying cotton varieties best adapted to conditions in the various producing areas. In this work, much of the emphasis is on the production of longer staple cotton. This has come about, quite naturally, from the fact that the American varieties, chiefly Stoneville 2-B and 4-B and Delfos 631, were found to be more productive than the older American varieties and native cottons. Some increase in the production of longer staple cotton is justifiable, but it would appear that the mass market in China is for cloth made from the lower count yarns, which can be produced from shorter stapled Chinese cotton. In addition, much of the spinning equipment in China is designed to handle the shorter stapled, lower grade cottons.

Under the influence of the Government program, there is apparent a shift from the growing of native cottons to American cotton varieties, primarily Stoneville and Delfos, wherever seed is available, an increase in cotton acreage per farm, and a growing belief in and use of commercial fertilizers to increase yields. Supplies of fertilizers, however, have been limited.

Labor

There is an abundant supply of labor available for textile mills, or other employment, in China. Labor is organized, after a fashion, into unions. The mills in China are operated generally on 2 shifts of 10 hours each, 26 days per month.

Spindles

The fact must be recognized that, because of the peculiar conditions in China, the bases for so-called "estimates" of both agricultural and industrial production are only guesses. This accounts, in part, for the variations in estimates of operable spindles in the country in 1948. The most acceptable figure, however, is 3,945,000 spindles in 185 coastal mills and 540,000 in 45 interior mills. The number has not varied greatly during the past two years. In addition, there were 5 mills in northeastern China which, if still in existance, have about 235,000 spindles[1].

According to the Cotton Control Board, the distribution of active spindles, by counts of yarn, during the calendar year 1947 was as follows:

Yarn counts	Percent of spindles
Below 10's	1.0
10's to 12's	3.2
14's to 16's	6.5
20's	50.2
21's to 23's	18.3
24's to 28's	.3
32's	8.8
40's to 42's	10.5
50's to 60's	.9
80's	.3
	100.0

Cotton Consumption and Supplies

Cotton consumption by the mills in China during the year ending July 31, 1948, is estimated at 2,030,000 bales of 500 pounds, gross. Of this quantity, collections of domestic cotton provided 675,000 bales for the use of the coastal mills and 220,000 bales for the use of interior mills. The balance, 1,145,000 bales, was imported cotton, 750,000 of which were received during the year and the remainder withdrawn from stocks of foreign cotton. In addition, it is estimated that nearly 1 million bales were consumed in house use for padding of clothing, home-spinning of blankets, etc. (See Table 1).

As indicated in earlier paragraphs, the production of raw cotton in China has about equalled the domestic mill requirements; but civil war, and its effect upon China's transportation and the general economic situation, has reduced collections and consequent deliveries to the mills. Much raw cotton is in areas controlled by anti-Government forces and, therefore, cannot move freely to the mill areas. In some cases, the cotton has been flown out of these areas, but this method of transportation, obviously, is very expensive.

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[1] These mills were excluded from present calculations, as their status was not known.

At the Tientsin airport, in May, the writer saw cargo planes arriving, each bringing 34 bales of cotton weighing 180 to 200 pounds each. The ground around the runway had the appearance of a gin or compress yard, showing that much cotton had been air-lifted into the airport.

Inflation was rampant in China during the past year, and its bad effects were obvious at the time of this study in May. Prices were rising, and cotton prices were increasing faster than most other commodities that farmers had for sale. It was believed that, because of this situation and the fact that cotton is rather easy to store, both farmers and merchants might have been storing cotton as a hedge against inflation.

The price of cotton is set by the Chinese Government. In May, the legal price at Hankow was equivalent to about 16 cents (United States) per pound, whereas the black-market price was equivalent to about 20 cents per pound. Undoubtedly, if the legal price had been increased, it could be expected that more cotton would have moved through Government channels. It would appear, also, that it would be cheaper to obtain cotton in this way than by imports. On the other hand, from China's standpoint, this would not be cheaper than having cotton given to them and delivered at their ports, without China having to use its limited foreign exchange.

Household spinning of cotton has utilized a significant portion of China's cotton crop over a period of years (See table 1). Under the conditions which now exist in China, home use, particularly spinning, is utilizing a constantly increasing percentage of China's production. In other words, very little of China's crop is going to waste. Home spinning is being encouraged, particularly among the refugees.

If peace and economic stability can be restored in China and transportation and exchange of goods returned to normal, China could attain a nearly self-sufficient condition with respect to raw cotton. This conclusion is based upon the assumption that increases in textile-manufacturing facilities would not place the industry on a level beyond the peak years which followed the Japanese invasion, and that cotton production within the country would reach or pass the level which existed at that time.

Cotton Mills

The Chinese mills are concentrated largely in coastal areas--65 percent of the spindles are in the Shanghai area, 17 percent in Tientsin and Tsingtao, about 9 percent in North China interior areas, and the remaining 9 percent largely in the Hankow and Chungking areas. Prior to the invasion, the Japanese owned nearly 40 percent of the spindles in China. These Japanese-owned mills were modern and efficiently operated.

The China Textile Industries, Incorporated, was set up by the Government to take over the mills formerly owned by the Japanese. In May of 1948, it was estimated that there was a total of 1,545,050 spindles in these mills, as compared with an estimated total of 4,485,000 in the country[1].

The persons who were placed in charge of this organization apparently had not had much opportunity to acquire experience in the operation of such a gigantic enterprise. In most cases, the staff of experienced Japanese administrators and technicians who had operated these mills had been discharged. It was reported that, in a few cases, a nucleus of essential, competent, Japanese technicians was retained in spite of community and public resentment; and, in such cases, the action was considered to have been a wise one. The necessity of operating with a staff which was largely inexperienced resulted in some time being required to get these mills functioning reasonably well, and much progress is needed in order to place the operation on the desired high level of efficiency.

There was a generally expressed belief that, in many cases, better cotton was being purchased than was necessary for the manufacture of the counts of yarn that the mills were best prepared to spin, and for which the greatest market existed. At the time of this study, for instance, a contract for American cotton was renegotiated, lowering the qualities called for and increasing the quantity of cotton obtained as a result of the reduction in price, per unit.

Markets

For the past several years, the quantity of cloth which China could produce and import has fallen far short of minimum requirements for its 400,000,000 people. Therefore, all of the cotton goods which China's present textile industry can produce are urgently needed at home. If made available, these goods would be bought domestically, if currency stabilization were successful and retail prices were kept in line with the purchasing power of the Chinese people. This did not appear to be too difficult, since the Government was, at least theoretically, in control of buying cotton, shipping facilities, and a high percentage of the cotton spinning mills, as well as of the issuance of the import and export licenses and of currency and the extension of credit.

Despite the need for cotton cloth in China, the need for foreign exchange with which to buy raw cotton and other products is equally desperate. For this reason, the Government and the textile industry are very anxious to export cotton goods, at least in sufficient quantities to pay for the raw cotton which they must finance themselves. Earlier in 1948, these exports were at a rate equivalent to about $2,500,000 (United States) per month; but such exports dropped substantially during subsequent months.

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[1] Total spindles excludes about 235,000 spindles in Northeast China, on which information is not available.

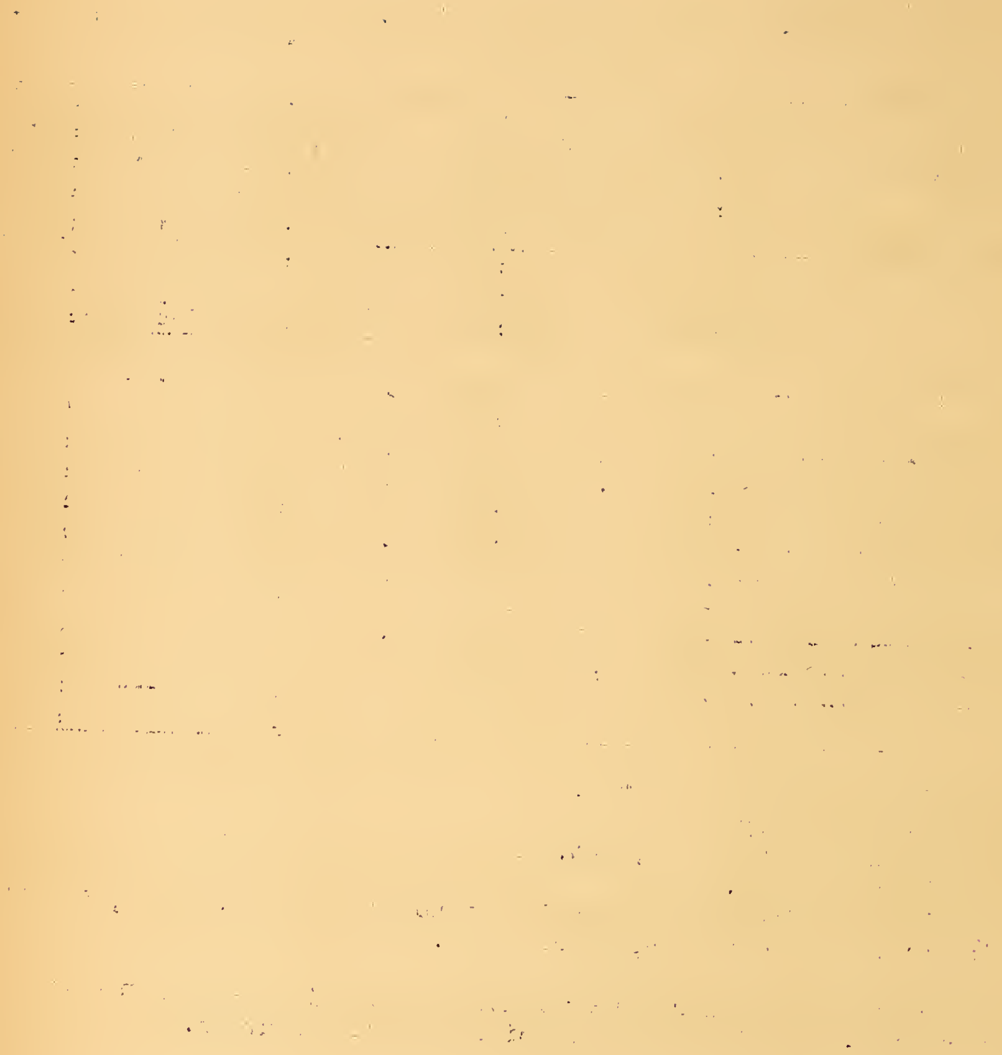
In the spring of 1947, the Central Bank of China advanced $20,000,000 for imports of raw cotton,which was to be repaid from funds received from export sales of textile products. At last report, $8,000,000 of this fund remained unpaid. In the face of that unpaid obligation, in April 1948, the bank contracted for some 300,000 bales of cotton valued at nearly $55,000,000--all of which has been financed by ECA. The flow of Chinese goods into export channels stopped in the summer of 1948, indicating the difficulties which China may expect in competing in any export market when commerce is free, or nearly so.

Table 1.--China: Cotton spindles, raw cotton consumption, and disposition of products

Year 1/	Spindles in place 2/	Raw cotton consumption	Exports of yarn and cloth in terms of raw cotton	Domestic utilization in terms of raw cotton
	1,000 spindles	1,000 bales 3/	1,000 bales 3/	1,000 bales 3/
1930-31	3,905	3,134	---	---
1935-36	4,952	3,074	72	3,002
1936-37	5,071	3,332	38	3,294
1937-38	5,042	2,256	108	2,148
1938-39	4,860	2,895	130	2,765
1939-40	5,010	2,843	134	2,709
1945-46	4/ 4,485	1,850	0	1,850
1946-47	4/ 4,485	2,960	0	2,960
1947-48	4/ 4,485	3,000	---	---

1/ Year beginning August 1.
2/ As of January 31.
3/ Bales of 480 pounds, net. Figures include estimated home consumption, as well as mill use.
4/ Does not include 5 mills in northeastern China, which, if still in existence, have about 235,000 spindles.

Office of Foreign Agricultural Relations, United States Department of Agriculture. Compiled from official and trade sources.



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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

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OBSERVATIONS ON THE COTTON SITUATION IN JAPAN IN 1948

DEVELOPMENTS WHICH AFFECT THE UTILIZATION OF COTTON IN JAPAN.

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Japan was the leading export market for United States cotton in the period just before World War II. During the 5-year period of 1934-35 through 1938-39, exports of United States cotton to Japan averaged 1,271,000 bales or 24 percent of this country's cotton exports.

Japan was highly industrialized in that period, and cotton textile manufacturing was a leading industry. Japan exported about one-half of its mill production and dominated the cotton textile market in the Far East. Since Japanese production of raw cotton was insignificant, the country depended almost entirely upon imports to supply cotton requirements (table 1, page 7).

As a result of World War II, Japan's cotton textile industry was badly disorganized. Direct war damage was heavy, and many textile plants were dismantled and scrapped. Operable spindles were reduced to about 2 million - approximately one-sixth of the number during the peak of operations in the decade preceding World War II (table 2, page 8). The Japanese hope to rebuild the industry using the prewar level as a goal, but before this can be accomplished old mills must be rebuilt or new ones constructed, equipment must be manufactured, and provision must be made for the financing of necessary supplies of raw cotton. Because of the difficulties facing the Japanese textile industry--particularly the replacement of equipment and the necessity of obtaining foreign exchange for essential imports and rebuilding export markets--it is not likely that Japanese textile operations can approach the prewar level within the foreseeable future.

Labor Situation

The labor supply for the cotton mills in Japan is adequate. About 85 percent of mill labor consists of girls from about 12 to 16 years of age. The remaining 15 percent of the workers are men and women.

The girls are largely recruited in communities some distance from the mills, and come mostly from rural areas. Girls who are completing their required primary school work in the rural communities are recruited, and most of them spend only a few years in the mills. In April 1948, these girls were being paid at average wage rates of 1,500 yen per month during the first year and 2,000 yen per month after the first year's service has been completed. They were housed in dormitories and their living costs, including room, meals, and taxes, amounted to approximately 300 yen per month. Labor unions have been organized during the past 2 years, and the relationship between the unions and the management has been very good.

A member of the Japanese Cotton Spinners Association reported in April that 18 persons were required in the average Japanese cotton mill to produce a 400-pound bale of 20's yarn, compared with only 12 persons before the war. Efforts are being made to increase the output per worker.

Japanese mill labor is not only adequate but relatively cheap, and is likely to remain so.

Cotton Spinning

The Supreme Commander for the Allied Powers has authorized the Japanese textile industry to install additional spindles to bring the total to 4 million. This would be double the number in place when the war ended and a 50 percent increase over those in place on January 1, 1948. The Japanese believed in the spring of 1948 that they could accomplish this by the middle of 1949. SCAP considers the end of 1949 as a more realistic forecast of the time when this goal may be reached. Under the existing and contemplated conditions, however, it does not appear that this goal is likely to be reached before late 1950 or early 1951.

In setting the maximum of 4 million spindles, SCAP limited the 10 largest companies to the number of spindles owned by them on January 1, 1947, or 3,655,000 spindles. The 25 independent companies were allocated the remaining 345,000 spindles.

When the war closed there were about 2,224,000 spindles in place in Japan (table 2) and on January 1, 1948, there were 2,987,000 spindles installed. Those spindles which were in the best condition had been installed, and it was reported that about 700,000 spindles remaining to be repaired were in very poor condition, generally requiring spare parts which were in short supply. On June 30, 1948, installations totaled 3,256,000 spindles.

As nearly as could be determined in April 1948, the capacity for manufacturing cotton spindles in Japan was about 30,000 spindles per month. The most optimistic estimate was 40,000 per month. In order to manufacture to capacity, fuel supplies would have to be adequate, and raw materials available for the production of the equipment. Another factor which may slow the rate of installation of machinery in Japan is the desire to export such machinery in order to obtain foreign exchange. Throughout the Far East there is a very active demand for cotton textile machinery. As an example, it was reported in 1948 that a contract had been made to supply India 100,000 spindles and 6,000 looms, in addition to knitting and accessory machinery and spare parts. The same report indicated a pending sale of 35,000 spindles to Hong Kong. Trades such as these, however necessary to the Japanese economy, will reduce the supply available for rebuilding the textile manufacturing facilities in Japan.

During the peak years which preceded World War II, only about 9 million of Japan's 12 million spindles were actually operating. An ambitious program was set up in the report of the Economic Stabilization Board, a Japanese agency, published in June. 1948. It was proposed that by 1952, Japan should have 5,850,000 spindles and should produce 990 million pounds of cotton products. Heavy responsibility was placed on cotton textiles in connection with the Board's proposed recovery plan for Japan. Proposed exports for 1952 are scheduled to bring into Japan $1,646 million of which $485 million would come from cotton textile exports amounting to 542 million pounds.

As far as can be determined, however, SCAP has made no definite plans or commitments as to possible future expansion of the Japanese cotton textile industry beyond the presently authorized 4 million spindles. Apparently, it is planned to meet that issue when it arises, probably not before the end of 1949 or sometime in 1950.

All of the SCAP calculations are based on the assumption that each spindle operating two shifts of 8½ hours each, 26 days per month, could produce 200 pounds of yarn annually. SCAP reports that a long-time check on the prewar performance shows that only 185 pounds of average 20's yarn were produced per operating spindle per year. In mid-1947, the actual production per operating spindle was at the rate of 168 pounds of average count of 25's yarn. This low average was partly accounted for by power and material shortages. It seems likely that the industry will be asked to seriously attempt to increase output of yarn to about 220 pounds per operating spindle before a further increase above the authorized 4 million is approved.

SCAP estimates that if the authorized 4 million spindles are operated at 90 percent of their capacity, they can produce about 650 million pounds of yarn annually. After using much of this yarn to provide fabric for the 80 million people in Japan, it is estimated that not more than 400 million pounds of the yarn would be available for the manufacture of export goods. Using SCAP's standard conversion factor of 3.3 yards of fabric per pound of yarn and taking into account the emphasis on heavier fabrics, this would provide an estimated maximum export of about 1,320 million yards of cloth. This would be slightly less than one-half of the yardage exported by Japan at the height of the country's prewar drive for domination of the world's textile markets.

The 1938 production of pure cotton yarn in Japan was 1,021 million pounds with an additional 198 million pounds of mixed cotton yarn. During the war, production of cotton yarn dropped to 43 million pounds, but in 1947 production had recovered to about 266 million pounds of puro cotton yarn, and 6,500 pounds of mixed yarn. This was done through a work schedule of two shifts of 8½ hours each, 26 days a month. It is interesting to note that this production is only slightly more than one-third of that which might reasonably be expected from the normal operation of 4 million spindles. The record of the early months of 1948 showed that output of yarn by the Japanese cotton textile industry was running about 2 to 3 million pounds less per month than during the corresponding months of 1947. This was reported to result from shortages of raw cotton and irregular supplies of electric power attributable to the drought situation in early 1948. Obviously, other factors contributed to this slowing down operation. The actual production picture, therefore, clearly indicates the very great difficulties being encountered in expanding production of textiles in Japan.

Domestic Market for Japanese Textiles

There is a great need for cotton textiles for domestic use in Japan. The average prewar (1934-38) domestic consumption of cotton cloth per capita was reported to be about 9.2 pounds. During World War II, production of cloth was so low that after meeting requirements for war purposes little or no cloth was available for ordinary civilian use. When the war ended, the civilian population was reported to be in desperate need of clothing, most of which is made from cotton.

The urgent need for foreign exchange to assist in rebuilding the Japanese economy led to SCAP's original order that 80 percent of all cotton cloth manufactured must be earmarked for export, leaving only 20 percent for domestic use. In July of 1947, the percentage of manufactured cotton allocated for domestic use was raised to 30 percent, partly to provide additional quantities for industrial use. Although SCAP has accepted the estimate of 250 million pounds annually as the minimum required to "prevent disease and unrest" and to meet industrial needs, only one-fourth of this amount was made available in 1947. In the summer of 1948, under the terms of the contract for delivery of American cotton, a specified minimum of 60 percent of the manufactured cloth was to be exported to guarantee payment for the raw cotton, leaving a possible 40 percent for domestic use. Although the percentage of production of cloth allowed for domestic use has steadily increased, there is still a desperate shortage in domestic supplies when measured even by the most meager standard of requirements. There exists, therefore, a demand and need for much of the production of the Japanese mills to meet the domestic requirements for cotton textiles. SCAP's calculations of availability of textiles are based on the assumption that 4 million spindles, operating at 90 percent of their capacity, would provide an average per capita supply for domestic consumption of only 3.1 pounds or about 10 yards of fabric for each of the 80 million people in Japan.

Export Markets

Should Japan be able to rebuild her cotton textile industry to the prewar level, the sales competition in the consumer markets in the Far East and in other parts of the world would be exceedingly severe. However, such expansion within the foreseeable future does not appear probable. Under the present authorized program of approximately 4 million operating spindles, the Japanese would be in a position to export only about one-half of the prewar quantities of textiles which should not seriously disrupt world markets. One cannot lose sight of the fact, however, that there is an expressed desire in other areas in the Far East to expand cotton textile operations. To the extent that such expansion in other Far Eastern areas is realized, added competition would result which would offset, proportionately, the reduction in exports from Japan as compared with the prewar trade level.

Under the program whereby a specified percentage of cotton textiles manufactured in Japan have been earmarked for export, stocks of these textiles were piling up early in 1948. In March 1948, these stocks were said to be increasing at the rate of approximately 50 million yards per month, constantly adding to a supply then estimated at 400 million yards. This was creating both a serious warehousing and financing problem, and was a deterrent to full-time mill operations.

In April of 1948, the backlog of manufactured Japanese textiles began to move. The largest sale was made to the Netherlands East Indies late in April and involved 127 million yards of cloth, valued at approximately 38 million dollars.

During the summer of 1948, the Japanese Trade Mission to India and Pakistan arranged trades with those two countries involving the exchange of sizeable quantities of cloth for raw cotton. Their deal with Pakistan also provided for the delivery of spindles and machinery. In addition to the sales indicated above, considerable quantities of Japanese cloth began to move into other consumer markets. Despite difficulties resulting from the present currency situation in Japan, due in part to failure to stabilize the value of the yen, Japanese textiles are moving into foreign markets. This helps to justify the conclusion in Japan that with the probable supply of raw cotton and the present authorized spindles there appears to be no basis for a fear of serious over-production of cloth or the accumulation of unwieldy stocks in trade channels at any time in the near future.

Supplies of Raw Cotton

In 1948, Japanese cotton consumption was about 700,000 bales. Available capacity would make possible a much higher consumption than the present rate. During 1948, only 2 million spindles of the 3 million in place were operating because of the difficulty in selling cotton textiles, and a shortage of raw cotton.

For 1949, Japanese consumption requirements are estimated at about 800,000 bales. On the basis of this estimate, a potential market for 650,000 bales of American cotton in Japan in 1949 would be in prospect. This figure would be increased, however, if the purchasing power of the Japanese people would permit them to satisfy their minimum needs for cloth, and export markets would open up.

When the war with Japan closed, the Japanese had practically no cotton on hand and no exchange with which to buy cotton. The United States Government, through SCAP, assisted in supplying cotton for use in Japanese mills. Japan is still dependent upon SCAP for supplies obtained from the United States, or elsewhere, on agreements which SCAP must approve, help arrange, and supervise.

SCAP reported that on May 31, 1948, all of the American cotton and the small amount of Egyptian cotton which had been supplied under the Commodity Credit Corporation-1 program had been released and presumably used by the mills. There still remained to be released on June 1, 1948 about 400,000 running bales, one-half of which was from the Commodity Credit Corporation-2 program, one-third from a supply of Indian cotton, and about 50,000 bales which represented American Quartermaster procurement. These 450,000 bales were sufficient to meet the requirements at the current rate of consumption for 6 to 7 months. In addition, mills and warehouses listed stocks on hand equivalent to about 275,000 bales which would provide a reserve equivalent to an additional 5 months supply.

The United States has been the chief supplier of raw cotton for the Japanese mills since the close of the war. There is available for financing additional purchases, according to reports, about one-half of the 60 million dollar bank credit based on the so-called "gold pot", or occupied Japanese export-import revolving fund, and a 150 million dollar fund was set up by Congress under the Eastland Act in 1948 to purchase raw textile materials for occupied areas. In addition, the Japanese Trade Mission to India and Pakistan bought 87,000 bales of Indian cotton and 20,000 bales of Pakistan cotton with sterling borrowed from banks. Negotiations are being conducted to secure 100,000 to 150,000 bales of cotton from India and Pakistan in 1949 in exchange for goods and commodities such as textiles and machinery. Japan imported about 190,000 bales from India and 24,000 from Pakistan during the period August 1, 1947 through July 31, 1948.

If no serious complications or delays in connection with the procurement of raw cotton through these programs should occur, the major portion of Japanese raw cotton needs should be met without too much difficulty in 1949. Looking beyond 1949, it would be expected that a certain amount of cotton can be obtained by the extension of the trade program with India and Pakistan, particularly since Pakistan is extremely short of cotton cloth. In addition, other credits might become available as Japan proves to the world that she has a sound and going textile industry and a market for her products which will enable the country to pay fully the obligations under such credits.

While Japan has used all kinds of cheap cotton successfully, the Japanese industry now wants staples and grades which are available in quantity only in the United States. This, together with the fact that the rehabilitation of Japan is being directed and largely financed by the United States, or with our help, indicates that the United States will be the chief source of raw cotton. The volume of cotton moving from the United States to Japan is, therefore, expected to increase during the remainder of 1948 and throughout 1949.

Competition from Japan's Rayon Industry

While competition for markets between Japanese cotton and Japanese silk has practically disappeared, there is still a very small, but growing, competition with rayon and other synthetics. This takes at least two forms:

1. Competition for funds and materials to build cotton mills or rayon mills.
2. Sales competition in the consumer markets, both at home and abroad.

Some of the arguments used in favor of building rayon mills in Japan instead of cotton mills are:

1. The country has some wood suitable for pulp production but has no raw cotton.
2. It can expand its pulp-wood production considerably.
3. It can continue to expand its pulping factories.
4. All the foregoing operations would create industries and employment in Japan which are not required for cotton.
5. The imported raw materials for rayon produced in Japan in 1938 represented about 12 percent of the gross export value of the finished product; whereas, in cotton, it represented about 50 percent. Therefore, rayon manufacture is said to make a much larger proportionate contribution to building up the Japanese economy, especially where the raw materials have to be imported.

A few of the problems facing a large development of rayon production in Japan are:

1. Japanese wood pulp is of a very low grade.
2. Rayon manufacture requires several times as much coal as does cotton. It calls for a good quality coal which Japan does not have.

3. The rayon industry needs to be closely integrated with an active and progressive chemical industry and chemical research program and Japan has neither.

The best available record of the prewar development of the rayon industry in Japan is shown in table 3.

Table 1.--Japan: Imports of raw cotton by country of origin, 1930, annually, 1935-40 and annually, 1945-47. Calendar years.

Calendar years	India 1/	United States	Egypt	Brazil	China	All others	Total
	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/
1930 ----	1,308	1,075	51	0	194	21	2,649
1935 ----	1,442	1,594	149	11	117	79	3,392
1936 ----	1,862	1,641	123	196	128	250	4,200
1937 ----	1,942	1,169	186	232	111	154	3,794
1938 ----	857	899	112	231	396	94	2,589
1939 ----	938	795	159	371	299	231	2,793
1940 ----	3/	3/	3/	3/	3/	3/	2,142
1945 ----	0	0	0	0	0	0	0
1946 ----	0	722	0	0	0	0	722
1947 ----	73	399	0	0	0	0	472

1/ Includes Pakistan.
2/ Bale equals 500 pounds, gross.
3/ Unavailable.

Office of Foreign Agricultural Relations, United States Department of Agriculture. Compiled from official sources.

Table 2.--Japan: Cotton spindles, raw cotton consumption and disposition of products, 1930, annually, 1935-40, and annually, 1945-47.

Year	Spindles 1/		Raw cotton 2/ consumption	Exports 3/ yarn and cloth in terms of raw cotton	Domestic utilization in terms of raw cotton
	In place	Operating			
	1,000 spindles	1,000 spindles	1,000 bales 4/	1,000 bales 4/	1,000 bales 4/
1930 -------	7,214	5,898	2,482	974	1,508
1935 -------	10,649	8,198	3,549	1,765	1,784
1936 -------	12,139	8,392	3,881	1,717	2,164
1937 -------	12,165	8,973	3,485	1,404	2,081
1938 --------	11,728	8,064	2,641	1,576	1,065
1939 -------	11,393	8,068	2,660	1,175	1,485
1940 -------	11,434	7,050	1,600	674	926
1945 -------	2,224	292	85	10	75
1946 -------	2,588	2,114	730	254	476
1947 -------	2,987	2,881	600	-	-

1/ As of January 1, 1931, and later years.
2/ Year beginning August 1.
3/ Calendar years, beginning with 1931.
4/ Bale equals 500 pounds, gross.

Office of Foreign Agricultural Relations, United States Department of Agriculture. Compiled from official sources.

Table 3.--Japan: Rayon production and exports of yarn and textiles, 1930, annually 1935-40, and annually 1945-47.

Year	Production		Exports		
	Rayon filament yarn	Rayon staple	Rayon filament and yarn	Rayon staple	Rayon fabrics
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	million yards
1930 ---------	37,150	0	3,303	1/	-
1935 ---------	224,045	13,625	35,867	1/	503
1936 ---------	279,360	45,850	47,939	1/	621
1937 ---------	335,965	175,495	59,496	14,771	620
1938 ---------	213,905	327,210	29,808	291	608
1939 ---------	238,560	301,265	40,819	46,761	516
1940 ---------	216,095	285,815	2/	121,900	3/ 316
1945 ---------	5,615	21,900	0	0	-
1946 ---------	9,030	20,625	3,000	-	-
1947 ---------	16,305	19,250	5,832	-	-

1/ Exports of staple fiber not separately reported prior to 1937.
2/ Included with rayon staple.
3/ Jan.- Sept. 1940.

Office of Foreign Agricultural Relations, United States Department of Agriculture. Compiled from production statistics and from Rayon Organon June 1948, export data from Japan Economic Statistics.

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OBSERVATIONS ON THE COTTON SITUATION IN THE DOMINIONS OF INDIA AND PAKISTAN IN 1948

COTTON PRODUCTION, SPINNING AND TRADE IN INDIA AND PAKISTAN AS RELATED TO RECENT DEVELOPMENTS IN THE DOMINIONS.

By

DR. IDE P. TROTTER

Agricultural Ecomomist

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FOREWORD

Because of the need for appraisal of some of the factors which will contribute to the determination of the course of cotton production and utilization in the Far East and thus affect the export market for United States cotton, a study of the situation in Japan, China, India, and Pakistan was made by the Office of Foreign Agricultural Relations in 1948.

Dr. Ide P. Trotter, while on leave from his duties as Director of the Agricultural Extension Service at the Agricultural and Mechanical College of Texas, made the first-hand study for this Office during the period March-August 1948. Dr. Trotter's observations concerning the situation in the four countries are summarized in a series of three circulars. His observations in India and Pakistan are presented in this circular; on the situation in China in Foreign Agriculture Circular FC-1-49, and in Japan in Foreign Agriculture Circular FC-2-49. These circulars can be obtained free from the Office of Foreign Agricultural Relations, U.S. Department of Agriculture, Washington 25, D. C.

This study was conducted under the provisions of the Research and Marketing Act of 1946. The possibilities for broadening the foreign market for other agricultural commodities also are being studied, and the findings are presented in other circulars available from this Office.

Joseph A. Becker

Joseph A. Becker, Chief
International Commodities Branch

OBSERVATIONS ON THE COTTON SITUATION IN THE DOMINIONS OF INDIA AND PAKISTAN

By Dr. Ide P. Trotter
Agricultural Economist

PART I--DOMINION OF INDIA

Current production of cotton in the Dominion of India [1] is estimated at about 2.0 million bales of 500 pounds, gross, as compared with a prewar (1935-39) average of about 4.2 million bales. Although a small percentage of the cotton is produced under irrigation, most of it is rain-grown, dependent on the monsoon rains. Owing to this fact, the cotton is chiefly of the hardy native types, which are short to medium in staple. Only a relatively small percentage, grown on the irrigated land, is long-staple cotton. Historically, the mills of India have depended upon Pakistan and other countries, including the United States, for longer staple cotton. The development of longer staple cottons, adapted to India conditions, is being stressed in the Dominion's research program, and irrigation projects are being built or planned in an effort to increase both total cotton production and the quantity of longer staple cotton.

Cotton spinning and weaving constitute an important industry in the Dominion of India. Old India had about 9.5 million spindles in place (table I), and about 98 percent of these are in mills located in the new Dominion of India.

Much of the mill equipment is old; therefore, officials of the Dominion's textile industry are anxious to secure the supplies and equipment needed to make them more modern and efficient. In addition, there is an expressed desire to build new mills, expanding existing facilities in some areas and establishing a new industry in other areas.

The industry is now generally operated on the basis of two 8-hour shifts daily. A small percentage of the mills work a third shift of 7½ hours. However, until cotton supplies are increased, primarily by a substantial increase in the domestic production, neither increased spindles nor added hours of mill operation can have much effect upon output.

Cotton Production

The Government of the Dominion of India is concerned over the production, within India, of the quantities and qualities of cotton desired by the mills. Under the so-called "Five Year Plan" it was proposed that India's production of raw cotton be increased to about 5.2 million bales, more than double the production of about 2.0 million bales.

National restrictions on the planting of cotton have been lifted, leaving to each province the matter of balancing cotton production with necessary food production. Previous attempts to increase the production of food crops by restricting cotton acreages had not been wholly successful. It is expected that the provinces can bring about such adjustments in acreage as will prove economic and that a reasonable increase in acreage, together with higher yields, will result in a substantial increase in cotton production.

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[1] Created August 14, 1947, by the partitioning of India into the Dominion of India and the Dominion of Pakistan.

Historically, the yield per acre of cotton in India has been low. An effort is being made to improve the seed available for planting and to bring about the adoption of better production practices. The cotton research program is being enlarged and extension activities increased. The old custom of using animal manures for fuel diminishes the supply available for fertilizer. It is not only difficult to change such a custom in the short space of a few years, but this would necessitate finding another fuel supply.

The use of chemical fertilizers is relatively new to India. There is one sulfate of ammonia plant with a stated annual capacity of 54,000 short tons which began operation in June 1947 in Travancore Province. In addition, seven steel plants are reported to have a potential capacity of 26,000 tons of ammonium sulfate, annually. The Government has begun construction of a plant at Sindri, near Dhaubad in Bihar Province, with a rated capacity of 350,000 tons of sulfate of ammonia, annually. If construction schedules are realized, this plant is to begin operation in January 1951.

Longer-staple, finer cottons are being stressed in the cotton-breeding program in India. It was the hope of Mr. A. B. Patel, of the Surat Cotton Experiment Station in Bombay Province, that he could use strains of 26 chromosome cotton, which he had developed by colchicine treatment of Asiatic cottons, in the development of better strains. By crossing these Asiatic strains with American varieties he has produced a type which he thinks will produce rain-grown cotton of 7/8 inch to 1-1/16 inches staple. At the Cotton Research Station at Coimbatore, Director R. Balesubrahmanyen and his staff are attempting to improve the Cambodia cotton, already one of the best grown in India. This station has developed four strains which show superior quality. C2 produces 7/8 inch staple; C3, 15/16 to 1-inch staple; C4, 1-inch or longer staple; and 4463 produces 15/16 to 1-inch staple. In addition, they report having developed a strain from C4, called C4-B40, which they regard as superior to all others and usable on all acreage, irrigated or unirrigated. This strain is reported to be resistant to black arm and drought and is early, maturing in 140 days or two weeks earlier than C3, C4, and 4463 and four weeks earlier than C2. In 1948, about 2,000 acres of this strain were planted and they expect to increase plantings to about 30,000 acres in 1949. At this rate of increase it would be theoretically possible to develop enough seed by 1952 to plant the entire acreage in Coimbatore Province to this new strain.

There is a wide variation of opinion as to the length of time required for India to develop sufficient quantities of better staple cotton to meet Indian requirements. The most optimistic estimate obtained from Indian authorities was that it would require a minimum of 5 years to meet requirements in medium-staple cotton and 15 years to be in position to produce the necessary quantities of longer staple cotton to supply the needs of the mills. Both estimates would seem optimistic. However, it appears that, with reasonable stability in India's political and economic life and with a continuation of her present intensive efforts, India can be expected to gradually supply increasing percentages of her requirements of medium to long-staple cotton. Since this will be accomplished over a period of years, India will continue to be dependent upon Pakistan and other countries, including the United States, for considerable quantities of medium to long-staple cotton for five, ten, or even fifteen years.

Cotton Spinning

The concentration of cotton mills in Bombay Province accounts for about two-thirds of the spindles in the mills of the Dominion. Another prominent mill center is the Ahmedabad area. There are small centers of cotton spinning scattered throughout the Dominion of India.

No serious damage to cotton mill installations occurred during the war or the communal disturbances which followed. Table 5 shows the spindles for selected years in the mills of the Dominions of India and Pakistan, about 98 percent of which are in the mills of India. As indicated by these data, the total number of spindles in the two dominions has ranged between 9 and 10 million during the past two decades.

Much of the cotton-textile machinery in the Dominion of India is quite old and has suffered considerably from lack of proper upkeep, particularly in recent years. The officials of the textile industry, therefore, are anxious to secure the supplies and equipment needed to rehabilitate or to re-equip mills to make them more modern and efficient. New equipment and parts are on order for a number of mills.

During the past year, both Japan and Czechoslovakia had trade missions in India. Czechoslovakia, as well as Japan, was interested in supplying textile machinery to India. However, because of shortage of foreign exchange, any considerable expansion of India's cotton-textile facilities would require foreign exchange or barter arrangements such as the proposal to exchange raw cotton for Japanese spindles, which has been under consideration. When such arrangements involve the trading of raw cotton, however, they reduce the supply for local manufacture of textiles which are badly needed in the Dominion now.

Since much time would be involved in effectuating a significant expansion in textile facilities, the "Five Year Plan" proposes the addition of a third shift of 7½ hours to increase the operating time of the mills to 23½ hours per day, utilizing more fully the present facilities. While this program was reported in operation in some mills in midsummer 1948, it was not generally adopted. Undoubtedly, the fact that adequate supplies of acceptable raw cotton to support such expanded operations for any considerable period of time are not available in India and the uncertainty of securing added supplies from Pakistan, or elsewhere, tended to hold back any such program.

Considerable publicity was given in India to the fact that plans were discussed whereby both Japan and Czechoslovakia might furnish technical experts to guide in the rebuilding or expansion of their industrial activities, including the textile industry.

A further study of Table 5 shows that the cotton products of India and Pakistan have been mostly consumed in the two dominions. Cotton cloth has been short in both dominions for some time, and prices of Indian cloth have been high. It has been generally stated that the actual needs for cotton cloth in India are almost beyond estimation if her large population could have sufficient purchasing power to supply even their minimum needs. Assuming that the Indian mills would manufacture the kind of cloth that the masses can afford to buy, there is little question that there is a domestic market for practically all of the cloth which the mills can manufacture now or after a considerable expansion of their facilities.

Pakistan, although now a foreign market, was a domestic market for textiles when the industry was built in India. Natural trade conditions made it desirable and almost essential that India supply Pakistan with a large part of her textile requirements and receive raw cotton in return. No considerable quantity of textiles has been shipped to other countries in the past, and it is not expected that other large export outlets can be developed in the near future except at the expense of the domestic market and the supplies for Pakistan.

Sources of Raw Cotton

The authors of the "Five Year Plan" present an analysis of the "cotton position" of India as a basis for predicting the requirements of raw cotton for the possible realization of the proposed shift in the operation of the cotton-manufacturing facilities from the present 16 hours to 23½ hours a day.

Using the average production of raw cotton in the Dominion of India from 1939 through 1946 of 3.7 million bales as a base, the authors of the plan assume that the 1.6 million-bale imports of 1942-43 are typical and will be continued. Requirements for full operation under the 16-hour day are estimated at 4.4 million bales. They calculate from the above figures that a carry-over of 0.9 million bales would result after satisfaction of the 16-hour day requirements.

The current (1948-49) level of production in India is estimated at only about 2.0 million bales. Also, whereas the 1942-43 imports included 1.1 million bales from Pakistan, current production in that country is estimated at 1.1 million bales which obviously is too low to supply 1.1 million bales to India and meet Pakistan's needs and commitments. A contract with Pakistan calls for the delivery of 542,000 bales (500 pounds gross) of Pakistinian cotton in 1948-49. Current production in India, plus imports from Pakistan and prospective imports of about 500,000 bales from Egypt, the Sudan, and East Africa, therefore, are about 1.4 million bales below the estimated 4.4 million bales set as the requirement for the full 16-hour day operation of present facilities. This deficit will be further increased by the contemplated exports for the season, to meet commitments under compensation agreements and to obtain dollar exchange, which may total about 200,000 bales.

Additional supplies of raw cotton could be obtained only by further importations. Such further importations of cotton at this time are unlikely, however, because of the foreign exchange situation. Importation of American cotton is made more difficult by the fact that such dollar exchange as the Dominion of India has available is desired for the purchase of supplies and equipment now available only in the United States, but which are needed to speed up the Indian industrialization and recovery program. Therefore, only a fraction of India's dollar exchange can be expected to be spent for American cotton. India will first attempt to make necessary purchases of cotton in sterling countries, but it is doubted that needed supplies can be obtained in such areas. During the period of India's development of adequate domestic production, her available supplies may be supplemented by purchases of American cotton, but only to the extent that the exchange situation will permit.

PART II: DOMINION OF PAKISTAN

From the viewpoint of cotton production, the provinces of West Pakistan, running from Karachi to Lahore, are of greatest importance. No considerable cotton activity is found in the more northern provinces of West Pakistan or in the large area of East Pakistan to the east of Calcutta, where rice is the dominant crop and jute is an important export item.

Pakistinian cotton, grown under irrigation, has provided the greater percentage of the medium and long staple fiber for the cotton mills of India. Pakistan has made export commitments from the 1948-49 crop totaling about 900,000 bales, of which 542,000 are to go to India. Efforts are being made to increase the production level to about 1,250,000 bales of 500 pounds, gross, and decrease, further, the production of the short-staple native cotton which now accounts for only a small percentage of total production.

The partitioning of India left Pakistan with only a small fraction of the cotton spindles and relatively few of the looms needed to produce yarn and cloth for the 80 million inhabitants. The national program proposes a fifteen-fold increase by the installation of about 2.5 million spindles over a period of 5 years. Home spinning and weaving also are being encouraged. Until Pakistan's textile manufacturing facilities are adequate to meet domestic needs, the country must import yarn and cloth, and export much of the raw cotton that it produces. Currently, India is the leading source of textiles and the largest market for Pakistinian raw cotton.

Pakistan cannot be expected to become a large market for American cotton but if and when the Dominion increases manufacturing facilities sufficiently to utilize a high percentage of its production of raw cotton, additional outlets for medium and long staple cotton from the United States may result in countries which now import cotton from Pakistan.

Cotton Production

Production of cotton in Pakistan in 1947-48 (1947 crop) is estimated at 925,000 bales of 500 pounds gross. Current production (1948 crop) is forecast at 1,055,000 bales.

The best available estimates of production in earlier years were compiled by Consul Henry W. Spielman from data collected by the Indian Central Cotton Committee. These data are presented in table 1:

Table 1: Cotton area, production and yield per acre in Pakistan, annually, 1936-38 and 1943-45.

Year beginning September--	Area	Production	Yield per acre
	1,000 acres	1,000 bales 1/	pounds
1936	3,130	1,340	205.5
1937	3,352	1,000	143.2
1938	3,092	1,056	163.9
1943	3,066	1,153	180.6
1944	2,914	1,036	170.6
1945	2,818	976	166.2

1/ Bales of 500 pounds, gross.

Data concerning the cotton acreage in Pakistan in more recent years is inadequate. Acreage was reduced, continuing the trend which was evident in the table above. In addition, the communal disturbances which followed the partitioning affected the acreage harvested and delayed the harvest in 1947. The mass migrations of Moslems and Hindus also resulted in the loss of many experienced cotton growers and cotton laborers, affecting the 1948 planting as well as the harvest of the 1947 crop.

With respect to production in the immediate future, an increase to an average of 1,250,000 bales in the Pakistinian cotton crop is proposed by the Dominion as quickly as possible. Generally, this is regarded by the Dominion Government and trade representatives as a "normal" production with the existing irrigation and other production facilities. In pursuing this goal, emphasis is placed chiefly on efforts to increase the yield per acre on the presently available acreage rather than by planting additional acreage.

There is recognition of the fact that the relatively low yield per acre is due, in part, to low soil fertility, insect and disease damage, and poor cultural practices in general. As in India, animal manures are widely used for fuel and a change in this age old custom involves the finding of a substitute fuel. Chemical fertilizers are little used and would have to be largely imported. There is discussion of plans for the construction of factories for the manufacture of ammonium sulfate and other products but such plants are still to be built. The use of compost, utilizing surplus vegetation, is recommended but the practice is not widely followed. Such a program is handicapped by the customs of the country and the extremely dry climate.

There is emphasis on the need for enlarging and strengthening the district agricultural officer programs (corresponding roughly to the Extension Service in the United States) in an effort to see that technical advances relating to cotton production are taught to the cotton producers.

Irrigation is the life blood of agriculture in Pakistan. Irrigation water is obtained by construction of diversion dams (barrages) in the rivers flowing through Pakistan. Very little deep well or tube well irrigation has been undertaken to date. The future of Pakistinian agriculture, thus its cotton production program, depends upon the continuation of the supply of irrigation water currently available and on the possible expansion of irrigation projects. With the exception of the Indus, all of the rivers from which Pakistan obtains irrigation water flow through Indian territory at some point in their course above where the water enters Pakistan. It is freely recognized that should India decide to take advantage of this situation and divert any considerable portion of the flow, it could be disastrous to Pakistan's agricultural production. The maintenance of satisfactory relations with the Dominion of India is essential, therefore, to the agriculture of the Dominion of Pakistan.

Additional irrigation projects are in various stages of planning or execution. The Thal project, which is designed to provide water for about 2 million acres, seemed to be the only one upon which construction had begun.

The adjustment of the shuffled population and training of new cultivators seems to offer the greatest hope for immediate increase of cotton yields. Acreage can be expected to increase gradually and will affect total production. Other efforts will have an effect only from the long-time viewpoint.

It has been generally recognized that the area now included in Pakistan produced the highest quality and longest staple cotton in all of old India. This came about largely by the expansion of acreage where varieties derived from American seed stock could be successfully grown under irrigation. This development in the Punjab area is shown in table 2 by the comparative acreages of Desi (native) and American cottons.

Table 2: Area under Desi and American Cottons in the Punjab, by 5-year averages, 1925-29 to 1940-44.

Years	Desi	American	Total
	1,000 acres	1,000 acres	1,000 acres
1925-29	1,394	966	2,360
1930-34	1,394	805	2,199
1935-39	1,459	1,418	2,877
1940-44	942	1,627	2,568

There is much concern over the effect of the communal disturbances upon this trend from native to American cotton because of its possible effect upon the supply of desirable seed stock. While it was not believed that the basic seed stock required for planting the acreage in Pakistan had been completely lost, it was generally believed that the quality and purity of the stock that remained for planting probably have been decreased as a result of poor handling and mixing during the 1947 harvest season when untrained and inexperienced hands did a great deal of the harvesting and handling of the cotton seed. Although the acreage planted to seed of some types of American cotton might not have dropped seriously in 1948, it was feared that the quality and staple length of the cotton produced from this planting would show some deterioration.

Spielman also compiled figures regarding the staple length of Pakistan cotton. These data are presented in table 3.

Table 3: Cotton production by staple lengths in Pakistan, annually, 1936-38 and 1943-45.

Year beginning September--	Long over 1"	Medium 7/8" to 1"	Short below 7/8"
	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/
1936	39	817	483
1937	3	617	337
1938	60	688	307
1943	278	748	127
1944	52	848	136
1945	48	784	143

1/ Bales of 500 pounds gross.

The government of Pakistan is seriously concerned over the possibility of any decrease in total cotton acreage or shift from the planting of American varieties to the planting of native stock. The Agricultural Ministers of the Provinces and representatives from the Pakistan Ministry of Agriculture and Economic Affairs considered these possibilities at a conference in Karachi in July 1948. Reports of this meeting indicate that this group recognized clearly the necessity for Pakistan to maintain her established reputation as a producer of large quantities of relatively long staple cotton. This group apparently is prepared to propose legislation which would require that farmers plant a specified proportion of their land to approved varieties of cotton in 1949 if there is evidence of unfavorable shifts in acreage or quality. This group also went on record as favoring allocation of abandoned cotton gins only to reliable persons in order that the reputation for quality and uniformity might not suffer as the result of acts of inexperienced or unscrupulous operators of the gins. It was proposed also that steps be taken to call to the attention of all persons handling cotton the necessity for keeping American varieties separated from the native varieties during the 1948 harvest season.

According to a leading cotton merchant, four varieties accounted for about 90 percent of the 1947-48 crop. These varieties were designated 4F, N. T. (new type), L.S.S., and 289. Sind Desi and Punjab Desi accounted for an estimated 7 percent, or the balance of last year's crop. The 4F, with 3/4" staple is considered the standard for staple length in Pakistan. According to some sources, L.S.S., with 13/16" staple, was frequently stapled up to 1" in Liverpool, though never that long in Pakistan. The last variety was a selection made by L. Singh, formerly of the Lyallpur Cotton Research Station, and was first grown in 1936. Punjab Desi is rated 1/2" to 5/8" staple and Sind Desi about 11/16" staple, is rough and is used largely for the making of blankets.

At the Merpurkhas Cotton Research Station, Mr. A. R. Akhter listed the same varieties as those above and, in addition, stated that the following newer strains were now being used in Sind Province: 289F, Sind Sudhar (a type of 289F), 4F98, and Lasani. The Station also reported having developed a strain 41X4$_2$, which they report produces 1-1/8" staple and yields the same or very slightly less than the old standard M4. To produce cotton of still greater staple lengths, this station proposes to develop adapted strains from Egyptian cotton. Although they have not been successful to date, they are still working toward that goal.

Mohammed Afzal, Research Cotton Botanist, Lyallpur Cotton Research Station, West Punjab, is also working on the problem of improving Pakistan's cotton crops. He is interested in the improvement of staple lengths in both American and Desi cottons. He emphasized especially the desirability of increasing the length of the present staples and also hopes to produce 1-1/16" staple in fair volume with a small amount of 1-1/8" within about 5 years. He believes that if he is exceedingly lucky he might have some 1-1/4" cotton but sees no need for strains producing staple length greater than 1-1/4" in the Punjab.

It was reported in the West Punjab that, before India was partitioned, 220 of their cotton gins were operated by Hindus and 30 by Moslems. Following the exodus of the Hindus these 220 gins were operated by Moslems, most of whom were totally inexperienced in the handling of cotton gins. It was also reported that as the quality and staple length of the Pakistinian cotton were improved there was a gradual replacement of roller gins with saw gins.

Formerly, a considerable amount of Desi cotton was mixed with other strains before ginning. This was done on the basis of a well-recognized formula to produce a specified mixture desired and accepted in the Liverpool cotton market. The usual formula was 20 percent Desi, 40 percent L.S.S., and 40 percent 4F. The writer was informed that this mixing was no longer done because new operators of the cotton gins did not know how to do it.

Cotton Spinning

Pakistan has a serious deficiency in cotton spindles and looms. Mr. Habibullah, Textile Commissioner for Pakistan, reported that there were 166,688 power spindles working and 4,231 power looms in plants of over 25 looms per plant. He estimated from 300 to 500 power looms in plants having less than 25 units per plant.

Table 4: Spindles and looms reported in individual mills in the Dominion of Pakistan, 1946-47 season.

Number of Spindles	Number of looms	Bales 1/ of cotton consumed annually
Western Pakistan		
2,216	2/ 60	1,270
16,116	148	5,377
5,040	0	4,945
22,808	925	17,578
32,052	994	21,517
Sub Total 78,232	2,127	50,687
Eastern Pakistan		
0	50	0
9,720	150	2,938
3,300	124	1,582
28,500	780	4,325
19,240	511	1,973
2,424	0	784
18,640	527	5,010
16,576	334	4,390
5,628	222	1,608
Sub Total 104,028	2,698	22,610
Grand Total 182,260	4,825	73,297

1/ Bales of 500 pounds, gross.
2/ Not working.

These figures check reasonably well with the list of cotton mills (see Table 4) in Pakistan, with their spindles, looms and their cotton consumption capacities, which was furnished by a cotton merchant in Karachi. This was the only reasonably complete tabulation of existing cotton manufacturing facilities in Pakistan that the writer was able to obtain.

The Dominion of Pakistan, now very much dependent upon the mills in the Dominion of India for textiles, proposes the installation of 2,500,000 new spindles over a period of 5 years to meet the domestic requirement for textiles.

In addition to Pakistan's power spinning capacity, a cotton merchant estimated that Pakistan had 150,000 hand spindles operating in 1948 which would probably consume 42,000 bales (500 pounds, gross) as a maximum, likely producing about 8 count yarn. There was a plan to increase these hand spindles to 1,000,000, but the merchant doubted that the plan would be realized if adequate power spinning facilities were built up and the price of yarn were brought in line. Other cotton authorities interviewed agreed that "Charkhas" spinning (hand spinning) was a strictly emergency measure which was especially adaptable for use among destitute men and women in refugee camps or otherwise displaced. Therefore, they expected hand spinning to be reduced to a relatively low point whenever yarn was obtainable at reasonable prices from power spinning plants. On the other hand, it was the general opinion that hand weaving would be practical under the conditions in Pakistan for a long time and that every effort should be made to encourage the development of hand weaving factories and centers as rapidly as yarn for them to weave was available and prices and transportation were satisfactory.

All of these plans are definitely designed to enable Pakistan to furnish as much cloth as possible under her present difficult conditions. Even so she will still have a tremendous deficit of cotton cloth for a long time.

Markets for Cloth

The potential demand for cotton cloth within Pakistan may be indicated by the following figures from West Punjab. A commission appointed by the Government of West Punjab to study these problems estimated that for a 20,000,000 population 24 yards of cloth per capita were required annually to meet the people's primary needs. Therefore, their total need approached 480,000,000 yards of cloth annually which would leave an actual deficiency of cloth above their domestic supply in the neighborhood of 420,000,000 yards annually. Undoubtedly, somewhat comparable figures would be true for Sind and the other provinces of West Pakistan if corresponding official estimates were available. It is evident that for East Pakistan, which produces no cotton but has a very large population, a more startling deficiency would be found.

Therefore, a relatively unlimited domestic market for cotton cloth would appear to exist in Pakistan. It is impossible to anticipate that Pakistan can supply her own needs for manufacturing her raw cotton into cloth up to her domestic requirement any time within the next 10 to 15 years in view of her exceedingly difficult political and economic conditions and her great shortage of manufacturing facilities of every type.

Table 5.--India and Pakistan: Cotton spindles, raw cotton consumption and disposition of products, 1930, annually, 1935-1940, and annually, 1945-1947.

Year beginning August--	Spindles in place 1/	Raw cotton consumption	Exports of yarn & cloth in terms of raw cotton	Domestic utilization in terms of raw cotton
	1,000 spindles	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/
1930 ----------	9,125	2,644	124	2,520
1935 ----------	9,686	2,900	73	2,827
1936 ----------	9,877	2,905	101	2,804
1937 ----------	9,763	3,300	264	3,036
1938 ----------	10,020	3,500	213	3,287
1939 ----------	10,059	3,200	243	2,957
1940 ----------	10,006	3,750	359	3,391
1945 ----------	9,466	4,237	--	--
1946 ----------	--	3,47	--	--
1947 ----------	--	3,727	--	--

1/ As of the first day of January following the beginning of the specified crop year.

2/ Bale of 500 pounds, gross.

United States Department of Agriculture, Office of Foreign Agricultural Relations. Compiled from official and trade sources.

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FOREIGN AGRICULTURE CIRCULAR

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OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC 4-49 January 31, 1949

WORLD COTTON PRODUCTION REVISED SLIGHTLY DOWNWARD

World cotton production in 1948-49 is now estimated at 29,200,000 bales (of 500 pounds gross), a reduction of 550,000 bales from the preliminary estimate released in October 1948. A crop of this size would be 15 percent above the 1947-48 production of 25,300,000 bales and not much less than production in late prewar years with the exception of the all-time record crop in 1937-38 of 39 million bales. World production exceeds expected world consumption this year for the first time since the war. Most of the increased production in 1948-49 took place in the United States.

The 1948-49 production in a number of major producing countries is lower than reported in Foreign Crops and Markets of October 25, 1948. The United States crop, now estimated at 14,937,000 bales, is 142,000 bales less than the estimate reported at that time. Acreage was revised to 23,003,000 acres from the previous estimate of 23,323,000 acres.

The 1948-49 crop in India has been reduced to 2,050,000 bales as a result of drought in the Gujerat and Kathiawar and of excessive and unseasonable rains in Central India. In Argentina the crop prospect has declined since planting time and is now estimated at 369,000 bales. In the U.S.S.R. harvesting was delayed and the crop is now given at 2,500,000 bales. These declines were partly offset by improvement of 100,000 bales in China to 2,300,000; In Egypt from 1,722,000 to 1,772,000; and in Uganda from 250,000 to 292,000.

Cotton production in the Western Hemisphere was maintained during World War II well above the prewar level, while in China, Korea, southeastern Europe, India, and Egypt it was reduced by acreage restrictions in favor of food crops. In the first 2 postwar years (1945-46 and 1946-47) declines took place in the United States, Brazil, and Argentina, and were due largely to shortages of labor and unfavorable weather in all three countries. World production in those years amounted to only 77 percent and 79 percent respectively of the wartime (1940-41 to 1944-45) average of 27,365,000 bales. In the next 2 years, 1947-48 and 1948-49, a sharp rise in United States production was accompanied by a more moderate increase in Egypt, the Soviet Union, China, Mexico, and in a few of the smaller producing areas.

The trend in foreign production has been upward since the war but no very marked changes in 1949-50 from the 1948-49 estimates can be foreseen at this time except in Egypt. Cotton acreage restrictions there, COTTON: Acreage and production in specified areas, average 1935-39, annual 1945-48 a/

Continent and country	Acreage					Production b/				
	Year beginning August 1					Year beginning August 1				
	Average 1935-39	1945	1946	1947 c/	1948 c/	Average 1935-39	1945	1946	1947 c/	1948 c/
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA:										
El Salvador	9	24	38	35	30	5	11	20	21	23
Guatemala	-	-	9	7	-	2	3	5	5	-
Mexico	725	904	843	927	988	334	434	460	484	560
Nicaragua	9	5	1	-	8	5	4	1	-	6
United States	27,788	17,241	17,615	21,269	23,003	13,149	9,015	8,640	11,857	14,937
British West Indies	20	12	7	7	-	5	3	2	2	-
Haiti	-	40	25	40	-	22	11	8	11	10
Puerto Rico	2	-	-	-	-	1	2	d/	d/	d/
Total e/	28,642	18,240	18,543	22,294	24,717	13,523	9,483	9,136	12,384	15,543
EUROPE:										
Bulgaria	85	61	98	105	-	35	10	20	28	-
Greece	168	72	126	105	111	76	31	50	53	53
Italy	56	34	41	45	-	21	9	12	15	23
Rumania f/	8	109	104	109	-	2	20	9	16	-
Spain	46	133	142	108	135	10	8	23	27	30
Yugoslavia	8	-	-	-	-	3	-	-	-	-
Total e/	372	420	526	499	542	147	80	118	149	166
U.S.S.R. (Europe and Asia)	5,087	2,995	3,215	3,625	3,850	3,430	1,700	2,240	2,600	2,500
ASIA:										
Cyprus	11	-	-	-	-	3	2	2	1	1
Iran	453	303	182	205	259	171	92	64	80	101
Iraq	53	25	25	-	-	11	5	4	4	-
Syria	85	44	49	48	55	28	22	22	25	31
Turkey	667	572	610	502	694	249	166	204	218	235
Afghanistan	-	-	-	-	-	49	20	9	-	-
Burma	428	226	135	192	195	97	32	21	35	37
China (incl. Manchuria)	7,038	5,600	5,556	6,400	6,100	2,855	1,820	1,925	2,136	2,300
French Indochina	36	-	-	-	-	6	-	-	3	-
Japan	2	12	-	-	14	1	2	-	4	5
India	24,204	10,933	11,600	11,100	11,800	5,348	2,358	2,341	2,510	2,050
Korea	564	442	312	355	282	180	103	75	64	77
Netherlands Indies	27	-	-	-	-	9	-	1	-	-
Pakistan	g/	2,818	3,261	3,122	2,800	g/	1,171	1,143	925	1,055
Philippine Islands	5	10	5	-	-	1	2	1	d/	-
Siam	16	-	-	-	-	7	17	26	26	25
Total e/	33,805	21,231	21,892	22,106	22,367	9,020	5,832	5,845	6,043	5,945

SOUTH AMERICA :										
Argentina	770	813	892 h/	1,037 h/	1,170	289	285	334	395	369
Brazil	5,562	5,000	5,500	4,600	5,500	1,956	1,350	1,300	1,170	1,400
Colombia	98	-	-	-	-	23	21	21	25	29
Ecuador	40	32	35	-	-	13	7	10	10	7
Paraguay	111	124	126	74 h/	140	40	44	55	29	40
Peru	428	346	309	321	346	384	329	299	275	325
Venezuela	50	-	-	-	-	11	13	11	10	10
Total e/	7,060	6,512	7,049	6,239	7,373	2,716	2,049	2,030	1,914	2,181
AFRICA AND OCEANIA:										
Anglo Egyptian Sudan	439	321	336	363	-	248	194	235	215	225
Belgian Congo	874	760	740	754	-	172	181	172	184	190
Kenya	-	-	-	28 h/	43	13	4	4	4	9
Nyasaland	84	-	-	-	-	12	8	9	11	-
Tanganyika	-	-	-	-	-	50	34	34	42	50
Uganda	1,477	1,146	1,253	1,037	1,551	281	191	193	141	292
Egypt	1,821	1,020	1,258	1,302	1,496	1,893	1,082	1,252	1,314	1,772
French Equatorial Africa	390	-	-	-	-	41	106	74	115	-
French Morocco	1	4	-	-	-	d/	2	2	-	-
French West Africa	-	-	-	-	-	28	9	9	14	-
Mozambique	-	-	-	-	- i/	33	99	110	101	-
Nigeria	-	-	-	-	-	36	31	28	35	50
Angola	73	-	-	-	-	13	20	27	24	23
Southern Rhodesia	2	4	4	4	4	d/	1	1	1	1
Union of South Africa	-	-	-	-	-	2	d/	1	2	5
Australia	53	7	8	8	-	11	2	2	2	-
Total e/	6,176	5,234	5,495	5,217	6,026	2,840	1,966	2,156	2,210	2,865
World total e/	81,142	54,632	56,720	59,980	64,875	31,676	21,110	21,525	25,300	29,200

a/ United States production in bales of 500 pounds gross weight (480 pounds net); others in bales of 478 pounds net through 1945 and 480 pounds thereafter. b/ Years shown refer to years of harvest. c/ Preliminary. d/ Less than 500. e/ Includes estimates for minor-producing countries not listed above and allowances for other figures not available. f/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. g/ Included with India. h/ Planted area. i/ Exports.

Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics, reports of United States Foreign Service officers and results of office research.

as announced by the Government, have now been relaxed to permit the planting of 1,783,000 acres in 1949. This is 287,000 above the 1948 estimate and only 38,000 acres less than the prewar average of 1,821,000. Efforts are being made to increase production in Brazil, Argentina, India, Pakistan, and the Soviet Union. The extent of success in Brazil and Argentina will be determined largely by weather conditions. Shortages of labor and equipment still hamper the operations of cotton farmers. In India any increase in cotton production, despite the need for more cotton to meet domestic demand, will be limited by a continued need for greater food production. In Pakistan production seems still to be retarded in consequence of the disturbances that followed partition.

In China the 1948 crop is more than half a million bales less than the quantity needed by mills and cottage industries this year, but any substantial increase in production appears to await the achievement of peace. Production in Mexico, Argentina, Turkey, and practically all of the cotton-growing areas in Africa is already above or about equal to the prewar average.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report, the Committee was composed of Joseph A. Becker, Chairman, A. W. Palmer, Charles H. Barber, Glenn A. Ruggles, Afif I. Tannous, and Dwight R. Bishop.

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-5-49 March 11, 1949

FOREIGN MARKET NOTES--COTTON

Cotton Consumption in Belgium, Switzerland, France, Italy, Portugal, the United Kingdom and Spain 1/

By
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Agricultural Economist

The consumption of raw cotton during the 1948-49 crop year in countries participating in the European Recovery Program and in Spain, is expected to total about 6.6 million bales as compared with 6.2 million in the 1947-48 season, and 7.2 million for the prewar year, 1938-39 (Table 1). Consumption during the 1948-49 season would equal or exceed that of 1938 if raw cotton supplies in the countries were adequate. The 1948-49 consumption of cotton is expected to exceed the 1938 level in Belgium, Denmark, Greece, Italy, Norway, and Portugal, about equal it in Switzerland, and to be less than in the prewar year in the Netherlands, Austria, France, the Bizone and French zones of Germany, Sweden, and the United Kingdom. Except in Belgium and Spain, consumption in the current season is expected to equal or exceed the 1947-48 level.

Mill labor is generally adequate in Europe, but is a limiting factor in the Netherlands and in the United Kingdom. Although some fine count goods are produced in all of the countries of Western Europe, the mills are producing largely utility goods. The Swiss mills are an exception. Historically, Switzerland has produced considerable quantities of fine count textiles, much of it for export.

Owing to the fact that much of the European textile production consists of utility goods, mainly from medium staple lengths, American-type cotton is particularly adapted and in demand. Also, since United States cotton is now generally priced at the equivalent of from 3 to 7 cents a pound below comparable types from other countries, the United States growths receive preference to the extent that dollar exchange is made available. Dollar exchange is limited,

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1/ Preliminary report of a study of foreign market outlets for and competition with United States cotton conducted under the provisions of the Research and Marketing Act of 1946. This circular presents preliminary observations of Mr. Whitaker, who made a first-hand study of cotton consumption in the designated countries. A more comprehensive report of the study will be released at a later date.

however, and competing cottons are being obtained to supplement the supplies of United States cotton which the various countries are able to purchase. The countries are able to offset, to a certain extent, the price differentials for some of the cotton from other countries through barter agreements.

The finer count yarns being produced in Europe are fabricated largely from extra long staple cotton produced in Egypt. Because of the high price being charged for this Egyptian cotton, European mills are interested in the possibility of substituting cotton of 1 1/8" through 1 1/4" staple from other sources. Outside of Egypt, such cotton is produced primarily in the United States and Peru.

Observations on the situation as it relates to the consumption of cotton in Belgium, Switzerland, the Netherlands, France, Italy, Spain, Portugal and the United Kingdom are summarized in the country discussions which follow.

Belgium

Of the liberated countries in Western Europe, Belgium has made the quickest recovery in cotton consumption. Even before the German Army had been driven from Belgium, cotton from the United States was moving toward the ports of that country on orders from the mills. Consumption continued to rise and in the 1947-48 season was about one-third larger than in 1938-39. Consumption in 1948-49 is expected to be slightly under that of the previous season, but still about 1/5 larger than in the prewar year.

The reason for the rapid recovery in cotton mill activity in Belgium immediately after the war was that dollar exchange was available for the purchase of cotton. There was a heavy demand for cotton textiles in the country, and there was an export market for cotton textiles. Exports of cotton yarn and goods from Belgium in 1946 were equivalent to 57,000 bales of raw cotton, or about 50 percent as large as in the prewar period, 1934-38. In 1947, such exports were equivalent to 119,000 bales of cotton or slightly above the 1934-38 average of 110,000 bales.

The expected reduction in cotton consumption in Belgium in the 1948-49 season, as compared with the 1947-48 season, is attributed to the accumulation of sufficient stocks of textiles to meet domestic needs and a somewhat smaller export demand, reduced because of limited exchange available for the purchase of Belgian textiles in the importing countries.

During the postwar period, Belgium has been using a significant quantity of short staple cotton from the United States to meet a need formerly satisfied with short staple cotton from India.

Switzerland

The consumption of cotton in Switzerland in the 1948-49 season is generally expected to be at about the same level as in 1938-39. (Table 1) There is some indication, however, that the rate of consumption may drop during the coming months. The Swiss mills have depended upon export markets for an outlet for a significant portion of their production. Before the war (1934-38), textile exports accounted for about 1/4 of the output of the Swiss mills, and in 1947 about 10 percent of the cotton yarns and piece goods were exported. The rate of export is now dropping, however, and may result in a reduction in consumption to a level below that of the 1947-48 season.

The Swiss mills manufacture mostly fine goods and have to furnish good quality in order to meet the strong competition with their merchandise. According to the Swiss, about 30 percent of the cotton consumed stapled about 1½", 30 percent from 1 1/32" to 1 1/8", and 40 percent 1" and less. Exports from Switzerland consist primarily of finished goods. The mills are generally up-to-date and efficiently operated.

Neither Switzerland nor Belgium has been using ECA dollars for the purchase of raw cotton.

France

France is expected to consume about 1,100,000 bales of cotton during the 1948-49 season, approximately the same quantity as was used in the previous season. Representatives of the cotton industry in France, however, state that an additional amount, estimated at 30,000 bales of cotton per month, is needed by the mills in order to supply the textile needs of France. Working stocks of cotton in France are at a low level. Although these stocks have very recently improved under the European Recovery Program, the level needs to be increased further in order to provide adequate working stocks to prevent slowing down of production of yarns and finished goods. Also, because of the stock situation, it is very important that a regular flow of imports be maintained throughout the year. According to reports, there is sufficient experienced labor available to the textile mills. The mills are scattered in Northern and Eastern France and the workers seem to be contented. Many of the textile workers have small acreages on which they grow much of their food.

At thebeginning of the operations under the European Recovery Program, the French Government, through the GIRC (Groupement d'Importation et Repartition du Coton) purchased all of the cotton and allocated it to the mills. The purchasing of cotton, however, is being gradually returned to private industry, and at the present time only a relatively small portion of the cotton is being purchased by the Government. The mills are required to provide the Government, at regular intervals, with reports of their stock positions and requirements. The Government is continuing to require the submission of such reports by all mills, including those which are obtaining their cotton through private trade, for when the cotton is obtained in that way the Government must allocate the dollars for the purchase.

About 70 percent of the imports into France in the 1948-49 season, forecast at 1,100,000 bales, are expected to come from the United States, and most of the balance from colonial possessions and Egypt. The Egyptian and Brazilian cottons are being obtained under barter agreements.

Italy

The Italian mills are expected to use about 900,000 bales of cotton in the 1948-49 season, only slightly more than the quantity which was used in the previous season but 35 percent more than the 1938-39 consumption.

In Italy, today, there is no forced substitution of artificial fibers in the manufacture of cotton yarns and fabrics. Under the Fascist regime in the prewar years, the industry was required by law to use from 25 to 40 percent of nationally produced fibers in order to decrease Italy's dependence upon cotton and wool imports, and to increase foreign exchange through exports. Of the total tonnages of cotton and artificial fibers used in the manufacture of yarn, cotton represented 73 percent in 1938, 60 percent in 1939, and 98 percent in the calendar year 1947. Thus, while the consumption of cotton has increased during the past few seasons as compared with the immediate prewar period, the total production of yarn is below that of the prewar period because of the great reduction in the use of artificial fibers. According to the Minister of Labor, total production of yarns in calendar year 1947 was 84 percent of the 1938 production and 78 percent of the 1939 production.

There is a surplus of mill labor in Italy. According to mill owners, provisions in the Italian law make it difficult to dispense with labor when it is not needed, and, as a result of this provision, when mills could use more labor for a short period of time, such labor is not hired.

Portugal

The cotton mills of Portugal consumed 157,000 bales of cotton in 1947-48 and are expected to use about 160,000 in the 1948-49 season, as compared with 89,000 bales in the prewar year, 1938-39.

Since early in the war period, Portugal has attempted to produce the raw cotton requirements of the country in colonial areas. The colonies supplied 85 percent of the imports in the calendar year 1947, and an average of 88 percent during the 5 year period, 1942-46, as compared with an average of only 45 percent for the 5 years, 1937-41. Consumption of cotton in Portugal, however, has risen to such a high level that the officials recognize the increasing difficulty of trying to supply the country's needs from the colonial areas.

During 1937 and 1938 the United States supplied almost half of the quantity imported from areas other than the colonies. Imports from the United States began to decline in 1939 and none has been brought in from this country since 1941. Since 1941, Brazil and Egypt have been the principal suppliers, other than the colonial areas. In recent conversations, however, Portugese officials exhibited an interest in United States cotton.

The Cotton Board in Lisbon, a government agency established about 1937, controls the importation of all cotton entering Portugal and allocates the cotton to registered importers, which number about 31. The importers, in turn, sell the cotton to spinners at a price specified by the Board. The prices have remained the same since July 31, 1947. Most of the cotton consumed in Portugal staples around 1", and about 80 percent of it is of high grade.

The Netherlands

The cotton mills in the Netherlands are expected to use about 250,000 bales during the 1948-49 season as compared with 220,000 bales in 1947-48 and 260,000 bales in 1938-39.

The mills of the Netherlands have depended upon Belgium and the United Kingdom for a portion of the yarns used in the manufacture of finished goods. Normally about 20 percent of the yarns consumed in the country are imported. At the present time, exchange for the purchase of these imported yarns is reported to be short and the Netherlands mills are not in a position to increase yarn production sufficiently to offset these imports.

Working stocks of cotton in the Netherlands have been quite low and supplies have been shifted from one mill to another in order to maintain production. There is need for building up these stocks in order to provide adequate cotton to maintain production of yarn and fabrics. The mills are working an average of 1½ shifts and it is difficult to change this situation because skilled labor is short. At the present time, about 50 percent of the labor is unskilled; therefore, the mills cannot operate at full efficiency.

United Kingdom

In the 1948-49 crop season, raw cotton consumption in the United Kingdom is expected to be 2.1 million bales. This compares with 1.9 million in the previous season, and 2.7 million for the prewar year, 1938-39. The factors limiting production are the shortage of labor in the textile mills and low stocks of cotton.

The average number of mule equivalent spindles in place during 1948 was about 36.2 million. This compares with 37.3 million in 1947 and 44.1 million for the prewar year, 1937. About 68 percent of the spindles in place were in operation during 1948 as compared with 58 percent during 1947 and about 90 percent during 1937.

Persons employed in spinning mills numbered about 97,000 in 1948 as compared with 87,000 in 1947 and 176,000 in 1937.

Monthly imports of raw cotton averaged about 141,000 bales during 1948 and 116,000 in 1947, as compared with 274,000 in 1937 and slightly under 200,000 in 1938. Mill stocks of raw cotton on hand at the end of November. 1948, were the lowest for any month of the year. There was a progressive downward trend in stocks of raw cotton at mills during the year. Mill stocks at the end of January, 1948, totalled 326,000 tons; the end of April, 310,000 tons; end of July, 291,000 tons; and at the end of November, 256,000 tons.

During the 1948 calendar year, 31 percent of the 1.7 million bales imported into the United Kingdom came from Egypt, 22 percent from the United States, 16 percent from Brazil, 7 percent from India and Pakistan, 10 percent from the Anglo-Egyptian Sudan, and the remainder from the Belgian Congo, the British colonies, and other countries. Prior to the war (1934-38), 21 percent of cotton imports were from Egypt, 37 percent from the United States, 9 percent from Brazil, 14 percent from India, and the remainder from miscellaneous other countries.

Spain

It is rather difficult to estimate the number of bales of cotton that Spain will consume this crop season. According to members of the Spanish trade, the country could consume about 480,000 bales per year if the cotton were available. In November the mills reported stocks, excluding free port cotton, of only 47,000 bales. These stocks came mostly from Argentina (20,000), Brazil (17,000), Mexico (2,100), and India (7,000). If the Spanish free port stocks of 50,000 bales were included, total stocks would amount to about 97,000 bales. (Free Port cotton is cotton for which foreign exchange has not been arranged.) On the basis of the trade estimates, Spain could use about 40,000 bales each month and should keep in reserve about a 3-month supply. The mills desire sufficient cotton to supply their monthly needs and maintain working stocks at the proper level.

In the 1947-48 crop year, cotton consumption was about 347,000 bales. This compares with 140,000 bales during the prewar year, 1938. About one-third of the cotton consumption in 1947-48 was from cotton that was imported under "transformation accounts". Under these accounts, cotton was imported for manufacturing into yarns and cloth for other nations, a portion of such products being kept in payment for services rendered. However, the Spanish Government has decreed that no new contracts can be entered into between Spanish mills and foreign countries.

In the period 1933-35, before the Spanish civil war, almost two-thirds of Spain's raw cotton imports were supplied by the United States. From 1943 to 1946 the percentage was still high. Since 1946 the United States has supplied only a small amount of the cotton imports. Brazil and India are the principal suppliers, although Egypt and Mexico also ship sizeable amounts.

From 1933 to 1935 cotton represented 45 percent of the entire value of Spanish imports from the United States, and from 1943 to 1946 it accounted for about 60 percent.

Spain's supply of dollars is short and the Spanish Government carefully screens requests for dollar exchange. Approval is only given for commodities needed most and which cannot be bought elsewhere.

Cotton is in such great demand in Spain that, according to reports, some mills were offering as much as 35 pesetas per kilo for raw cotton. At the legal commercial import rate (in mid-December 1948) of 10.95 pesetas to the dollar, this offer was equivalent to about $1.50 per pound. However, at the free market rate of 33 pesetas to the dollar it would be equivalent to about 47 cents per pound.

The legal price of American type cotton had been pegged since 1943 at an average of about 8.5 pesetas per kilo. This is around 33 cents a pound at official exchange rates. It was reported that Spain was planning to raise the legal prices on imported cottons. Fifty percent of the yarn and cloth produced in Spain is required to be sold at prices fixed by the Government; the balance may be sold on the free market. During December 1948, Brazilian cotton, type 5, was quoted, f.o.b. Brazil, at the equivalent of 38.61 cents per pound, while United States cotton, middling 15/16", was quoted, f.o.b. American ports, at 32.36 cents.

The synthetic fiber production in Spain is between 7 and 8 million kilos per year (equivalent to 35,000 to 40,000 bales of cotton). The Spanish Government is trying to build up this industry in order to supply much needed fiber. There are 4 synthetic mills in operation and 1 under construction. It is reported that the textile mills prefer cotton and that the production of synthetic fiber would be reduced if sufficient cotton were available to the mills.

Table 1--Cotton: Consumption in ERP countries and Spain, annual, 1938-39, 1947-48 and estimated, 1948-49

Country	Prewar 1938-39	1947-48	1948-49 a/
	1,000 bales b/	1,000 bales b/	1,000 bales b/
Belgium	321	423	375
Netherlands.........	260	220	250
France..............	1,295	1,092	1,100
Germany-Bizone......	835	385	575
French Zone.......	115	75	100
Italy	669	880	900
Portugal...........	89	157	160
Switzerland.........	141	134	140
United Kingdom......	2,690	1,934	2,100
Other ERP Countries c/	600	516	556
Spain..............	140	347	300
Totals	7,155	6,163	6,556

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a/ Preliminary estimates.
b/ Bales of 500 pounds, gross.
c/ Austria, Denmark, Greece, Norway, Sweden, Turkey, and Ireland.

United States Department of Agriculture, Office of Foreign Agricultural Relations. From official and trade sources.

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

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SUPPLIES OF RAW COTTON INCREASE IN FRANCE [1]

Imports of raw cotton into France increased in November and December and French stocks have again been raised to a satisfactory level. Raw cotton stocks were reported at 384,000 bales on January 1, 1949, an increase of 100,000 bales over the low point of November 1, 1948. Stocks on January 1 represent about a 4½-months' supply which the French consider satisfactory.

The French textile industry produces a variety of goods and must keep a wide range of various qualities of cotton on hand to fill specialized requirements. The cotton textile industry is also widely dispersed in eastern and northeastern France, and transportation is slow and difficult over most of the country.

The increase in stocks was confined entirely to American cotton. Stocks of other growths continued to decline. France's supply of Egyptian cotton is very short.

Although 110,000 bales of cotton arrived in France in November and 99,000 bales in December, as compared to an average monthly consumption of 85,000 bales, stocks at the mills remained very short through December. Due to the slow internal distribution system, resulting from inadequate trucking facilities and other difficulties, these increased supplies had not reached the mills by January 1, 1949. By this date mill stocks had declined to about 1-month's supply, or the lowest point in the postwar period.

Although cotton consumption started off the season (beginning August 1, 1948) well above the previous season, shortages of raw cotton and power cuts caused consumption to decline in the latter part of 1948. Cotton consumption fell from 100,000 bales in September 1948 to a monthly average of 85,000 bales in November and December. In view of the tight cotton situation in part of 1948 and reduced mill operations it is doubtful that cotton consumption for the 1948-49 season will exceed the 1.1 million bales consumed in the previous year.

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[1] Based on reports of Jack L. Philippot, Commercial Assistant, and A. P. Muelberger, formerly Attache, American Embassy, Paris, and F. H. Whitaker, Agricultural Economist, Office of Foreign Agricultural Relations, Washington, D. C.

France's principal source of raw cotton for many years has been and still is the United States, which in prewar years supplied about 50 percent of all raw cotton imported into France. In 1947-48 and the first 3 months of the present season the United States has supplied about 30 percent of French imports. However, as foreign exchange is short and cotton supplies in producing countries other than Egypt and the United States are short, France must depend more heavily on United States cotton under the ECA program. In November and December of 1948, 73 percent of all cotton arriving in France came from the United States. On January 1, 1949, about 64 percent of cotton stocks in France was of United States origin. As increased supplies reach the mills, consumption of United States cotton may be increased considerably.

The Economic Cooperation Administration from the beginning of its program through January 1949 had issued purchase authorizations to France for about 630,000 bales of cotton. About 35 percent of this cotton had been shipped by January 1, 1949. To maintain cotton consumption at present levels it is estimated the French must secure a total of from 700,000 to 800,000 bales from the United States.

France and Brazil have a trade agreement but it has failed to produce enough exchange to permit an increase in imports of cotton from Brazil. Brazil has exported about 70,000 bales of cotton to France in the first half of the 1948-49 season, but due to exchange difficulties in France and short supplies of cotton in Brazil, this cotton trade is not likely to be increased in the last half of the season.

High prices and difficulties in exchange have reduced imports of Egyptian cotton. In the first 5 months of the 1948-49 season France imported less than 60,000 bales of Egyptian cotton or about half its normal needs. Stocks of Egyptian cotton in France on January 1, 1949, amounted to only 30,000 bales or about 6-weeks' supply.

Imports of cotton from Pakistan and India have practically stopped as most of Pakistan's cotton has been allocated to other countries and India is also experiencing a cotton shortage.

France receives the entire supply available in the French African Colonies but this amounts to only 10 percent of total requirements.

Imports of raw cotton are strictly controlled by the government because of the scarcity of foreign exchange. The importation and allocation are supervised by the GIRC (Groupement d'Importation et de Ripartition du Coton) which was established by the French Government before World War II. This Association receives specified amounts of various foreign currencies and purchases and imports foreign cotton into France. The allocation to spinners is based on past consumption and needs.

Early in 1948 a few large spinners were authorized to trade directly with overseas shippers. This initial group has now been expanded to include 114 spinners and in November and December more than half the arrivals were purchases by private trade. Authorized spinners, however, may purchase cotton directly from foreign suppliers only after receiving notification of the amount of foreign exchange that will be made available to them. A control committee supervises the activities of these individual purchasers to make sure that purchases are made within price limitations and that cotton grades correspond to the needs of the industry.

Prices of French textiles have increased rapidly in postwar years due mostly to the increased cost of production resulting from the use of outdated machinery and the shortage of labor.

The average age of equipment in the French cotton industry is estimated at 28 years and much of the equipment is considered obsolete according to American standards. To achieve a degree of efficiency that will permit the industry to compete in world markets, much of this equipment must be modernized or replaced.

The "Monet Plan" estimates that the 8,400,000 existing spindles in France should be renovated by 1953 and that 2,000,000 modern spindles should be installed. In September 1948 only 8,243,000 of the above spindles were in operating condition and 6,526,307 were active. It was also estimated that the 200,000 looms should be partially replaced by 45,000 automatic looms. Part of this new equipment can be manufactured in France but the balance must be imported, mainly from the United Kingdom, Switzerland, and the United States. The difficult exchange position, however, will prevent fulfillment of this plan for the present.

The present labor shortage is confined mostly to the weaving industry, as the number employed in spinning mills now exceeds the 1939 level by 8 percent. The French cotton industry relies heavily upon labor from Belgium to ease the shortage of domestic manpower. It is estimated that some 60,000 Belgian workers come to northern France daily to work in the textile mills. A recent strike of these Belgian workers seriously affected textile production in this area. However, an agreement has been reached on conversion of Belgian workers' wages into Belgian francs and most of the employees were back at work by February 1.

FRANCE: Number of employees in the cotton spinning and weaving industries on specified dates

Date	Spinning	Weaving	Total
January 1939.....	64,040	100,740	164,780
January 1942.....	31,235	43,502	74,737
January 1943.....	19,039	32,479	51,518
January 1944.....	16,651	26,785	43,436
June 1944.....	14,136	21,851	35,987
January 1946.....	46,847	42,429	89,276
January 1947.....	61,024	59,987	121,011
January 1948.....	66,710	66,897	133,607
July 1948.....	68,533	69,908	138,441

Source: Industry census by Syndicat General de l'Industrie Cotonniere Francaise (French Cotton Manufacturers' Trade Association).

FRANCE: Number of operable spindles and looms, by types, 1939-1948

Date	Number spindles	Number twisters	Looms		Total number looms
	Thousands	Thousands	Ordinary	Semi-automatic or automatic	
January 1939 a/.	9,521	1,479	-	-	187,600
January 1942 b/.	7,036	981	108,271	35,783	144,054
January 1943 b/.	7,315	871	107,876	37,594	145,470
January 1944 b/.	7,176	940	108,975	37,868	146,843
July 1944 a/.	8,939	1,103	-	-	177,483
January 1946....	8,365	1,086	120,244	45,005	165,249
January 1947....	8,429	1,000	118,703	48,636	167,339
January 1948....	8,253	928	115,850	52,312	168,162
July 1948....	8,243 c/	947 d/	115,850	52,311	168,161 e/

a/ Including Alsace.
b/ Not including Alsace.
c/ 6,353,402 active.
d/ 696,776 active.
e/ 119,868 active.

Source: Industry census by Syndicat General de l'Industrie Cotonniere Francaise (French Cotton Manufacturers' Trade Association).

FRANCE: Supply and consumption of raw cotton, 1935 to 1939 average and 1944-45 to 1948-49, for crop years beginning August 1

(1,000 bales of 500 pounds gross weight)

Type of cotton	5-year average 1935-1939	1944-45	1945-46	1946-47	1947-48	1948-49
Carry-over						
American	[a]	3.6	257.1	633.9	306.8	84.6
Brazilian	[a]	-	-	-	2.9	3.3
Egyptian	[a]	1.2	96.2	157.6	141.6	66.5
Colonial	[a]	0.1	23.8	93.0	81.5	86.1
Indian	[a]	1.7	15.5	32.6	51.3	50.4
Total	[b] 700.0	6.6	392.6	917.1	584.1	290.9
Imports						
American	669.0	355.5	993.1	434.2	228.5	-
Brazilian	90.0	-	-	93.1	81.2	-
Egyptian	243.0	101.7	[c] 173.6	[d] 154.4	213.8	-
Colonial	35.0	30.7	111.7	85.2	124.2	-
Indian	194.0	14.6	35.3	47.6	161.7	-
Others	59.0	-	-	-	-	-
Total	1,290.0	502.5	1,313.7	814.5	809.4	[e] 1,100.0
Total supply						
American	-	359.1	1,250.2	1,068.1	535.3	-
Brazilian	-	-	-	93.1	84.1	-
Egyptian	-	102.9	269.8	312.0	355.4	-
Colonial	-	30.8	135.5	178.2	205.7	-
Indian	-	16.3	50.8	80.2	213.0	-
Total	1,990.0	509.1	1,706.3	1,731.6	1,393.5	1,390.9
Consumption						
American	[a]	102.0	616.3	761.3	450.7	-
Brazilian	[a]	-	-	90.2	80.8	-
Egyptian	[a]	6.7	112.2	170.4	288.9	-
Colonial	[a]	7.0	42.5	96.7	119.6	-
Indian	[a]	0.8	18.2	28.9	162.6	-
Total	1,181.0	116.5	789.2	1,147.5	1,102.6	[e] 1,100.0

[a] Not available.
[b] Estimated for July 31, 1939.
[c] Includes 2,000 bales of Tanguis and 1,700 bales of Pima.
[d] Includes 2,100 bales of Pima.
[e] Estimated.

Compiled by F. H. Whitaker, Agricultural Economist, Office of Foreign Agricultural Relations, from official French statistics.

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-7-49 April 4, 1949

COTTON CONSUMPTION INCREASING IN SWEDEN 1/

Cotton consumption in Sweden is again increasing and has now attained a rate of about 125,000 bales per year. This compares with 121,000 bales in 1947-48 and 140,000 bales in the prewar period (1934-38). There was a decline in cotton textile mill activity in 1947 from the 1946 level due to an abnormally large labor turnover, absenteeism, and migration of workers to other industries paying higher wages. A stabilization of the labor market and the introduction of new labor-saving equipment reversed this downward trend in 1948. There was a marked increase reported during recent months in the supply of labor as well as in workers' efficiency and the per capita rate of production. This would justify the program estimates that Sweden will reach the prewar level of production in 1949-50.

Table I. Supply and distribution of cotton in Sweden, 1945-46 through 1947-48 and estimated for 1948-49

(In thousands of bales (500 pounds gross weight)

	1945-46	1946-47	1947-48	Estimated 1948-49
Supply				
Stocks on August 1..........	99	110	78	79
Imports....................	86	88	122	125
Total supply..........	185	198	200	204
Distribution				
Consumption................	75	120	121	125
Stocks on July 31..........	110	78	79	79
Total distribution....	185	198	200	204

Source: International Cotton Advisory Committee.

After the war the high profits and general tax deductions allowed for plant modernization led to large-scale plans for the installation of modern labor-saving machinery to replace the worn and partly obsolete

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1/ Based on report by Erkki I. Kapy, Commercial Analyst of the American Embassy, Stockholm.

Prepared by Glenn A. Ruggles, Agricultural Economist, Office of Foreign Agricultural Relations, U.S. Department of Agriculture.

prewar equipment. As the production of textile machinery in Sweden is negligible, all equipment must be imported. The import and foreign exchange restrictions introduced in 1947, however, have retarded the completion of modernization plans. The number of spindles as shown in Table II. have now been increased to the prewar level, but textile production is still lagging. It is believed that with present equipment, production could be increased by 25 percent over the present level if sufficient labor were available. The industry is currently operating at less than one and one-half shifts per day with 48 hours per week. The average number of workers engaged in the cotton spinning and weaving industries in 1945 and 1946, as compared to prewar, is shown in Table III.

It is estimated that domestic cloth production can meet about 70 percent of the country's requirements. However, weaving capacity exceeds spinning capacity and 15 to 20 percent of Sweden's cotton yarn requirements must be imported. Sweden plans to increase yarn production, however, to reduce imports of yarn as well as other types of manufactured and semi-manufactured products that can be supplied from increased local production.

Cotton yarn production in Sweden consists chiefly of medium and coarse yarns from number 8 to number 30. Most of the finer qualities of yarn are imported. Weaving mills can meet the country's normal needs for utility and average-quality fabrics, but most of the fine and special-type fabrics are imported.

Production of rayon fabrics in Sweden in 1947 was reported at 12.9 million pounds. Domestic production of filament yarn fabrics has been steadily increasing while the output of spun rayons has been declining, as shown in Table V. In 1947 production of filament yarn fabrics was reported at 7.2 million pounds and spun rayon fabrics 5.7 million pounds. Sweden produces all types of rayons but the bulk of the production is utility-type fabrics. However, the quality is high and it satisfies the requirements of a discriminating public. Domestic production supplies about 70 percent of Sweden's rayon requirements, the balance being supplied by imports.

The Swedish Government also is attempting to increase dollar-paid exports and reduce dollar-paid imports to achieve a balance between receipts and expenditures and conserve the country's low gold and dollar reserves. The dollar shortage compels Sweden to import cotton from sterling and soft-currency countries frequently at prices higher than those in the United States.

The bulk of Swedish raw cotton imports since the end of the war has been purchased in Brazil, Egypt, and India. In the 1947-48 season the United States supplied only 12 percent of the import total as compared to about 80 percent of Swedish cotton imports in the prewar years. (See Table IV.). In the 1948-49 season the United States has made only one shipment--in January 1949 of 377 bales--to Sweden.

Supplies of Swedish raw cotton have declined since August 1, 1948, due to reduced imports. Stocks at the close of 1948 were estimated at about 50,000 bales or equal to about 5 months' supply. With supplies of medium staple cottons tight in other exporting countries, Sweden may have to increase imports of United States cotton to maintain textile production until the new crop is available in the Southern Hemisphere.

In order to increase the domestic supply of yarn and fabrics, considerable quantities of raw cotton were exported from Sweden during 1945-46 for processing in other countries, chiefly Finland and Italy. This practice was abandoned in 1947, and the exports of raw cotton dropped from 20,000 bales in 1946 to 1,200 bales in 1947. However, the above amounts include only that cotton that passed through Sweden and does not include substantial quantities which were shipped direct to the processing countries and did not enter Swedish ports.

Swedish raw cotton imports have been subsidized from public funds since 1946. The amount of the subsidy paid is determined by the State Price Control Board and varies from time to time to stabilize consumers' prices on cotton goods. The current subsidy amounts to about 6 cents per pound.

The imports and exports of all cotton and cotton products are licensed. Stringent import and foreign exchange controls were introduced in March 1947 which now limit all imports, particularly those payable in dollars, to commodities considered essential to the national economy. The rationing of textiles, introduced in 1941, was abolished in November 1945. Prices are regulated by the State Price Control Board.

Table II. Number of spindles and looms used in Swedish cotton mills, 1938, 1945, and 1946

	1938	1945	1946
Spinning spindles			
(Ring)	-	425,405	444,017
(Mule)	-	45,236	45,401
Total	-	470,641	489,418
Doubling spindles	-	71,885	72,786
Total spindles	562,256	542,526	562,204
Looms			
Nonautomatic looms	-	2,435	2,327
Automatic looms	-	6,483	6,558
Total looms	11,641	8,918	8,885

Source: Sveriges Officiella Statistik - Industri.

Table III. Average number of workers employed in the Swedish spinning and weaving mills, 1938, 1945, and 1946

	1938	1945	1946
Spinning	7,188	7,126	6,487
Weaving	7,412	6,402	6,217
Machinists, firemen, stockkeepers, guards, etc.	1,258	1,851	1,848
Total workers	15,858	15,379	14,552

Source: Sveriges Officiella Statistik - Industri.

Table IV. Imports of raw cotton into Sweden, 1938, 1945, 1946, 1947, and 7 months of 1948

(Bales of 500 pounds gross weight)

Country of origin	1938	1945	1946	1947 1/	1948 7 months
United States........	143,194	844	7,910	27,236	5,176
Brazil...............	6,011	36,631	52,700	34,804	14,413
Argentina............	-	-	965	2,796	2/
Peru.................	50	3,049	3,414	2,165	2/
Other South America..	-	14,499	12,206	6,971	2/
Egypt................	13,194	248	5,537	2,627	31,797
India................	2,865	-	1,200	1,697	23,143
British E. Africa....	1,605	-	-	851	3/
Mexico...............	1	-	2,065	624	3/
Soviet Union.........	-	-	-	317	3/
Other................	478	-	25	78	4/ 13,053
Total...........	167,398	55,271	86,022	80,166	87,582

1/ Preliminary.
2/ If any, included in Brazil.
3/ Included in "Other."
4/ Includes 7,652 bales from the Belgian Congo.

Source: Sveriges Officiella Statistik - Handel, 1938 and 1945-46, preliminary foreign trade statistics for 1947 and 1948.

Table V. Production, imports, and supply of rayon fabrics in Sweden, 1938, and 1942 to 1945

Type	1938	1942	1943	1944	1945
Filament yarn fabrics					
Drapery and curtain materials	-	0.3	0.4	0.5	0.4
Linings	-	2.3	2.2	2.6	2.7
Dress materials	-	1.8	2.0	2.5	2.0
Other	-	1.3	1.3	1.1	1.3
Total	4.7	5.7	5.9	6.7	6.4
Spun yarn fabrics					
Drapery and curtain materials	-	1.0	1.5	1.9	1.8
Dress materials	-	3.2	3.5	4.4	4.0
Furniture cover fabrics	-	-	1.1	1.4	1.4
Other	-	3.6	3.7	4.1	1.9
Total	2.7	7.8	9.8	11.8	9.1
Total production	7.4	13.5	15.7	18.5	15.5
Total imports	2.1	2.7	2.8	3.8	2.2
Total available for domestic consumption	9.5	16.2	18.5	22.3	17.7

Source: Sveriges Officiella Statistik - Industri.

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-8-49 May 2, 1949

COTTON CONSUMPTION DECLINES IN SWITZERLAND [1]

Switzerland raw cotton consumption is reported to have declined from 140,000 bales in the 1947-48 season to the present rate of near 120,000 bales per year. This decrease in consumption resulted mainly from the country's inability to reach the prewar volume of exports of cotton goods which, in the calendar year 1948, amounted to only one-third the 1938 cotton textile exports, as shown in Table III.

Fine and fancy cotton piece goods are classed as non-essentials by many soft currency countries. These countries are also endeavoring to save hard currencies by importing more raw cotton and less cotton yarns.

If Switzerland could regain its prewar market for cotton fabrics, the demand for raw cotton would naturally increase. Increased rayon production, however, should be considered as it will undoubtedly affect future demand for raw cotton. The shortage of raw cotton during the war years caused a rapid increase in the production of rayon and rayon staple fabrics, as shown in Table IV.

Exports of cotton and rayon fabrics amounted to 12.2 million pounds in 1947 (see Table III), as compared to 11.7 million pounds in 1938. The decline in cotton fabric exports has been largely offset by increased exports of rayon fabrics. The inevitable result of the failure of cotton textile exports to regain prewar levels is that Switzerland, in planning for 1949, has been forced to reduce its output both of cotton yarns and of fabrics.

Cotton consumption in the first half of the 1948-49 season (August through January) was reported at 67,700 bales (500 pounds gross weight). Stocks of cotton in Switzerland on January 31, 1949, were reported at 84,000 bales, a slight reduction from the 90,000 bales reported at the beginning of the season on August 1, 1948. Stocks of 6 to 9 months' supply are considered normal in Switzerland as the specialty type of textile manufacturers requires a reserve of many types of cotton.

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[1] Based on reports by O. B. Moussman, Foreign Service Clerk, American Consulate, Zurich.

Prepared by Glenn A. Ruggles, Agricultural Economist, Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

Imports of cotton during the first 7 months of the 1948-49 season (August through February) show that about 42 percent or 32,600 bales of the total were obtained from the United States. This compares with 4,400 bales received from the United States during the entire 1947-48 season and is the highest level in the postwar period, as shown in Table II. The heaviest imports from the United States arrived in December, January, and February when 28,000 of the 32,600 bales were imported.

Officials of the Swiss Cotton Importers Association believe that if prices of United States raw cotton remain favorable, the United States will continue to be Switzerland's main source for cotton.

Imports of raw cotton from Egypt fell from 39,000 bales in 1947 to 22,000 bales in 1948. The figure would have fallen even more if the Egyptians had not agreed to let Swiss spinners buy Karnak from government stocks at reduced prices and the price of other growths had not temporarily declined during 1948.

Imports from Pakistan and India have practically stopped in the first 7 months of the 1948-49 season. In Peru, a major source of Swiss cotton supplies, stocks of old-crop cotton are practically exhausted and new-crop supplies will not be available before May or June. Peruvian prices are relatively high but most of the 15,500 bales imported so far this season were purchased at an earlier date at much lower prices.

Arrivals of cotton from Brazil have practically stopped in the past few months. Prices of Brazilian cotton are considered too high and old-crop cotton scarce. Imports of Mexican cotton are also below those of previous years due to export restrictions imposed by the Mexican Government.

The Belgian Congo has shipped 5,000 bales of cotton to Switzerland so far this season but imports from this source are expected to decrease as Belgium needs this cotton for home consumption.

The present demand is for cheaper, coarser fabrics calling for shorter staple. This fact, acting in combination with unusually high raw cotton prices in other countries, indicates that the United States will maintain its present level of exports to Switzerland. However, import demand has fallen to approximately 120,000 bales a year and some of the more pessimistic spinners fear it may decline still more. Domestic demand for cotton piece goods and manufactures apparently is being fully satisfied. Despite strenuous efforts in negotiating bilateral trade agreements, Switzerland has been unable to increase its export quotas of cotton yarn and piece goods to soft currency countries. The general tendency on the part of mill owners at present is to reduce production, draw on stocks on hand, and await further developments rather than buy raw cotton at unprofitably high prices.

Table I. SWITZERLAND: Supply and distribution of raw cotton, 1945-46 to 1947-48

(In bales of 480 pounds net)

	1945-46	1946-47	1947-48
Supply			
Stocks on August 1	16,000	101,400	101,044
Imports	171,400	126,916	133,112
Total supply	187,400	228,316	234,156
Distribution			
Consumption	86,000	123,395	141,521
Exports	-	3,877	2,191
Stocks on July 31	101,400	101,044	90,444
Total distribution	187,400	228,316	234,156

Source: Compiled in Office of Foreign Agricultural Relations based on reports of American Consuls in Switzerland.

Table II. SWITZERLAND: Imports of cotton by countries, average 1934-38, annual 1945-47, August-February 1947-48 and 1948-49

(Bales of 500 pounds gross)

Country	Average	Year beginning August 1			August-February	
	1934-38	1945	1946	1947	1947-48	1948-49
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Argentina..	1/	8	7	1	1	1/
Brazil.....	2	32	25	24	14	5
Egypt......	73	27	39	32	27	14
India......	11	5	7	13	7	1/
Paraguay...	1/	13	6	7	4	1
Peru.......	3	51	28	28	18	15
U.S.A......	33	30	10	6	4	33
Others.....	12	5	5	2/ 22	3/ 15	4/ 9
Total....	134	171	127	133	90	77

1/ Less than 500 bales.
2/ Mexico 10, Belgian Congo 6.
3/ Mexico 9.
4/ Belgian Congo 5.

Source: Statistique Mensuelle du Commerce Exterieur.

Table III. SWITZERLAND: Exports of cotton yarns and piece goods, 1938 to 1948

(In thousands of pounds)

Calendar year	Cotton yarn	Fabrics		
		Cotton	Rayon	Total
1938	10,591	9,996	2,246	12,242
1939	7,518	10,219	2,524	12,743
1940	4,764	5,592	1,109	6,701
1941	1,919	5,351	1,836	7,187
1942	1,366	2,657	2,414	5,071
1943	90	1,076	3,556	4,632
1944	21	681	6,457	7,138
1945	-	1,009	5,562	6,571
1946	274	1,598	11,069	12,667
1947	1,250	4,039	7,709	11,748
1948	2,941	3,988	1/	1/

1/ Not available.

Source: Compiled from official trade statistics.

Table IV. SWITZERLAND: Production of rayon filament yarn and rayon staple, 1934 to 1948

(In thousands of pounds)

Year	Rayon filament yarn	Rayon staple	Total
1934	10,200	-	10,200
1935	8,100	-	8,100
1936	11,000	-	11,000
1937	12,125	-	12,125
1938	12,125	75	12,200
1939	12,125	10	12,135
1940	12,125	-	12,125
1941	14,330	4,190	18,520
1942	16,095	18,300	34,395
1943	15,655	23,370	39,025
1944	15,430	24,690	40,120
1945	14,300	21,800	36,100
1946	13,600	23,200	36,800
1947	16,500	20,900	37,400
1948 1/	18,000	21,000	39,000

1/ Trade estimate.

Source: Rayon Organon.

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-9-49 May 9, 1949

PORTUGAL'S COTTON TEXTILE INDUSTRY CONTINUES TO EXPAND [1]

The cotton textile industry in Portugal continues to expand and is now consuming about 160,000 bales (500 pounds gross weight) annually as compared to about 90,000 bales prewar. Cotton consumption in the 1947-48 season was reported at 157,000 bales. Although figures are not available for the first part of the 1948-49 season, present consumption is reported to be higher.

According to official statistics the industry had about 660,000 spindles and 24,520 looms in operation in 1946. However, 760 of the looms are manually operated and only 232 are automatic. The mills range in size from small establishments with 4 looms to factories with thousands of spindles and hundreds of looms. About 42 percent of the spindles are installed in small factories with less than 10,000 spindles each, and 47 percent of the mechanical looms are in mills with less than 300 looms each.

About 93 percent of the textile mills are located in northern Portugal where labor is more abundant and there is plenty of water power.

The use of private capital with Government protection has developed the cotton textile industry in Portugal into one of the country's leading industries.

The cotton textile mills constructed during the past few years have been modern in structure and built in strict compliance with plans approved by the government for worker protection. The spindles are practically all of Swiss manufacture, while the looms are of Swiss, British, and United States manufacture.

The Spanish Civil War, which began in 1936, and the nonparticipation of Portugal in World War II provided unusual opportunities for Portuguese textile exports to markets normally not available. These shipments have expanded rapidly and in the past few years have become one of the largest items in Portuguese export trade.

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[1] Based on reports of Jay Walker, American Consul, Oporto, and D. Espirito Santo, Clerk, American Embassy, Lisbon.

Prepared by Glenn A. Ruggles, Agricultural Economist, Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

Since World War II Portugal has been meeting increased competition for export markets and a gradual weakening of demand in importing countries as the wartime deficit was overcome. The steady development of exports to the Portuguese colonies where protective laws prevail, however, has provided a ready market for most of Portugal's surplus production. Before the war these colonies purchased most of their cotton textile supplies in Japan and the United Kingdom.

In 1947 Portugal exported 13.8 million pounds of cotton textiles, or about 30 percent of the 45.3 million pounds produced. About 98 percent of total exports went to the Portuguese colonies, as shown in Tables I, II, and III.

In connection with the development of the cotton textile industry it has long been the aim of the Portuguese to utilize their colonies of Angola and Mozambique as the principal source of raw cotton. Their success is shown by the fact that in 1934 only 12 percent or 12,115 bales of the cotton imported into Portugal were received from the colonies, while in 1947 such imports were nearly 85 percent of the total or 118,787 bales, as shown in Table IV.

In this connection it should be noted that in 1934 to 1936 about 50 percent of Portugal's cotton imports were from the United States. Thereafter, however, imports decreased rapidly and no United States cotton has been imported since 1941.

The economic situation in Portugal began deteriorating in 1948, after a short period of postwar prosperity based on accumulations of gold and foreign exchange from wartime profits. Portugal has been unable to produce goods at prices that would find a ready outlet on world markets to sustain exports at a level that would pay for imports. The slack demand was due to the high prices and non-essential character of the majority of Portugal's export items. The drain on the country's gold and foreign exchange, resulting from the heavy adverse balance of payments, continued throughout 1948 despite strict import controls. These controls were adopted early in 1948 in an attempt to restrict imports to only those items considered essential to the national economy.

The effort to close the gap between exports and imports, however, was largely ineffective and in 1948 Portugal had an adverse trade balance with every country except Brazil and Bizone Germany. The favorable trade balance with Brazil probably explains why Portugal has secured most of its cotton imports from Brazil in spite of the more favorable United States prices.

The importation and prices of raw cotton in Portugal are controlled by the Regulating Commission of Cotton Trade, established in May 1937. A limited number of firms are licensed to handle the imports and the Commission fixes the quantity of raw cotton for each importer by sources. Importers and mills are given fixed monthly quotas based on their needs, as a means of preventing hoarding of stocks. Imports from foreign countries are authorized only when Portuguese colonial cotton is not available in sufficient quantities.

The importers must pay cash to the Commission for raw cotton imported and cannot sell their stocks to the manufacturer until the Commission issues permits to the mills to buy from the importers.

The Commission also maintains rigid control over cotton mill operations by setting the quantities of cloth and yarn to be produced and prices at which they must sell. The spinning mills are permitted to sell to the weaving mills only allotments of yarn authorized by the Commission.

It is estimated that Portugal's requirement for cotton, other than colonial, will amount to about 45,000 bales this season. During the first 7 months of the season Brazil and Egypt were the sources for practically all of Portugal's cotton imports. Portugal has not entered the American market despite the fact that the prices of United States cotton are now very favorable as compared to those for other growths. This may be attributed partly to a scarcity of dollar exchange resulting from an adverse trade balance with the United States in 1948 while that with Brazil was favorable.

The Government has recently permitted the installation of textile mills in both Angola and Mozambique, which should in time result in curtailments of cotton available for export from the colonies as well as curtailment of imports of Portuguese textiles by these colonies. The adverse balance of payments and the shortage of foreign exchange may force Portugal to curtail imports of machinery and eliminate much of the projected expansion of the textile industry in both Portugal and the colonies. The mill owners also feel that without the immediate possibility of additional markets in other countries, further expansion of mill capacity is not advisable in the near future.

Due to high prices of Portuguese cotton textiles, outlets for these goods are expected to be confined largely to the protected domestic and colonial markets. At present the local textile industry has a virtual monopoly in the home market and supplies about 95 percent of the import requirements of the colonies.

At present considerable attention is being given to attaining greater efficiency in operation of the mills and lowering production costs to strengthen their competitive position. Some of the mill owners are endeavoring to obtain the required official permission to buy modern machinery abroad to replace equipment that has become worn and obsolete.

Table I. PORTUGAL: Cotton yarn and cotton textile production, calendar years 1938 to 1947

(Thousands of pounds)

Year	Cotton yarn	Cotton textiles
1938.................	45,882	35,783
1939.................	47,685	38,232
1940.................	48,102	37,533
1941.................	50,840	39,454
1942.................	40,679	33,239
1943.................	35,124	28,142
1944.................	42,987	30,038
1945.................	55,071	39,209
1946.................	65,269	46,592
1947.................	64,063	45,333

Source: Instituto Nacional de Estatistica, Lisbon, Portugal.

Table II. PORTUGAL: Exports of cotton yarn, calendar years 1938 to 1947

(Thousands of pounds)

Year	Country of destination					Total
	Portuguese colonies	Switzerland	French Morocco	Spain	Other countries	
1938....	70	-	-	5,183	18	5,271
1939....	37	-	-	615	11	663
1940....	88	838	11	-	134	1,071
1941....	249	6,883	-	-	743	7,875
1942....	256	269	11	2	4	542
1943....	229	-	24	-	24	277
1944....	201	-	185	-	-	386
1945....	289	-	311	-	2	602
1946....	401	-	236	-	9	646
1947....	467	-	42	-	18	527

Source: Instituto Nacional de Estatistica, Lisbon, Portugal.

Table III. PORTUGAL: Exports of cotton textiles, calendar years 1938 to 1947

(Thousands of pounds)

Year	Country of destination: Portuguese colonies	French Morocco	Other countries	Total
1938	5,108	-	1,583	6,691
1939	5,487	-	628	6,115
1940	4,850	-	22	4,872
1941	8,768	201	932	9,901
1942	8,305	533	679	9,517
1943	7,661	330	525	8,516
1944	4,447	1,129	227	5,803
1945	7,965	1,124	7	9,096
1946	12,346	611	4	12,961
1947	13,005	183	99	13,287

Source: Instituto Nacional de Estatistica, Lisbon, Portugal.

Table IV. PORTUGAL: Imports of cotton by countries, average 1934-38, annual 1945-48

(Bales of 500 pounds gross)

Country	Calendar year: Average 1934-38	1945	1946	1947	1948 1/
Brazil	22,795	7,721	1,850	12,488	11,124
British Indies	4,401	88	360	175	-
Egypt	6,136	6,651	6,106	5,360	4,237
Portuguese colonies	29,557	90,679	173,794	100,764	119,911
United States	44,870	-	-	-	-
Others	4,557	3,468	-	-	1,263
Total	112,316	108,607	182,110	118,787	136,535

1/ January through November.

Source: Estatistica Comercial Republica Portuguesa and reports of Foreign Service Officers.

Table V. PORTUGAL: Supply and distribution of cotton, 1945-46 to 1947-48

(Bales of 500 pounds gross weight)

	1945-46	1946-47	1947-48
Supply			
Stocks on August 1...	42,239	32,478	30,887
Imports..............	124,787	146,301	167,844
Total supply.......	167,026	178,779	198,731
Distribution			
Consumption..........	134,548	147,892	156,894
Stocks on July 31....	32,478	30,887	41,837
Total distribution.	167,026	178,779	198,731

Source: Various official statistics and estimates.

Table VI. PORTUGAL: Cotton mill consumption of colonial and other growths, 1940 to 1948

(Bales of 500 pounds gross weight)

Calendar year	Colonial	Other	Total
1940...............	43,467	63,318	106,785
1941...............	56,460	65,578	122,038
1942...............	82,507	17,756	100,263
1943...............	77,060	8,534	85,594
1944...............	84,092	11,661	95,753
1945...............	113,849	10,679	124,528
1946...............	135,160	11,349	146,509
1946-47 1/........	134,205	13,687	147,892
1947-48 1/........	136,410	20,484	156,894

1/ Crop year beginning August 1.

Source: Foreign Service Officers' reports.

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FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

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REVIEW OF 1948-49 WORLD COTTON PRODUCTION

World cotton production in 1948-49, now estimated at about 29,140,000 bales (of 500 pounds gross), is 3,920,000 bales above a revised estimate of 25,220,000 for 1947-48. The 1948-49 crop is the highest since 1940-41 and nearly equal to the 5-year prewar average with the exception of the record crop of 1937-38. Most of the increased production in 1948-49 took place in the United States. World production this year exceeds world consumption for the first time since World War II.

Upward revisions in the 1948-49 estimates for the Soviet Union, Brazil, and Argentina, totaling about 500,000 bales, were nearly offset by downward revisions in the estimates for China, India, and Pakistan. Production in foreign countries, totaling about 14,275,000 bales in 1948-49, is still well below the prewar average of 18,525,000 bales. The rise from the low wartime levels has been slow and there is no present indication that foreign production as a whole will approach the prewar level in the next 2 or 3 years.

The 1948 crop of 560,000 bales in Mexico is the largest on record and about 9 percent larger than the next largest crop of 516,000 bales harvested in 1943. The steady upward trend in production during the past 15 years or more is attributed to a proportionate rise in acreage with a slight improvement in yields. Nearly all of the crop is produced under irrigation.

In El Salvador the 1948-49 crop of 21,000 bales was about equal to those of the previous 2 years and all 3 were about four times the average production during the 5 years ended July 31, 1940. The 1948-49 crop of 6,000 bales in Haiti was badly damaged by boll weevil attack and amounted to little more than one-fourth of the 5-year average. Not much change has occurred in other parts of Central America and the Caribbean Area in recent years.

The final United States cotton report just released places the 1948-49 crop at 14,868,000 bales from 22,768,000 harvested acres. These figures are slightly lower than the last previous estimates for 1948 but represent increases of 25 percent and 7 percent, respectively, over the 11,857,000 bales from 21,269,000 acres a year ago. The average yield of 313.1 pounds of lint per acre in 1948 is the highest on record, comparing with 267.3 pounds in 1947 and the 10-year average of 254.2 pounds. The high yield was due not only to exceptionally favorable weather but also to increased use of fertilizer, and to a larger proportion of the acreage being planted in the higher-yielding areas.

COTTON: Acreage and production in specified areas, average 1935-39, annual 1945-48 a/

Continent and country	Acreage					Production b/				
	Year beginning August 1					Year beginning August 1				
	Average 1935-39	1945	1946	1947 c/	1948 c/	Average 1935-39	1945	1946	1947 c/	1948 c/
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA:										
El Salvador	9	24	38	38	32	5	11	20	22	21
Guatemala	-	-	9	7	-	2	3	5	5	-
Mexico	725	904	843	927	1,050	334	434	460	484	560
Nicaragua	9	5	1	-	8	5	4	1	-	6
United States	27,788	17,241	17,615	21,269	22,768	13,149	9,015	8,640	11,857	14,868
British West Indies	20	12	7	7	-	5	3	2	2	-
Haiti	-	40	25	40	-	22	11	8	11	6
Puerto Rico	2	-	-	-	-	1	2	d/	d/	d/
Total e/	28,642	18,240	18,543	22,297	23,916	13,523	9,483	9,136	12,385	15,468
EUROPE:										
Bulgaria	85	61	98	105	-	35	10	20	28	-
Greece	168	72	126	105	111	76	31	50	53	53
Italy	56	34	41	45	38	21	9	12	15	12
Rumania f/	8	109	104	109	-	2	20	9	16	-
Spain	46	133	142	108	131	10	8	23	27	30
Yugoslavia	8	-	-	-	-	3	-	-	-	-
Total e/	372	420	526	499	531	147	80	118	149	155
U.S.S.R. (Europe and Asia)	5,087	2,995	3,215	3,625	3,780	3,430	1,700	2,240	2,400	2,800
ASIA:										
Cyprus	11	-	-	-	-	3	2	1	1	1
Iran	453	303	182	205	259	171	92	64	80	101
Iraq	53	25	25	-	-	11	5	4	4	-
Syria	85	44	49	48	55	28	22	22	25	31
Turkey	667	572	610	502	680	249	166	204	218	235
Afghanistan	-	-	-	-	-	49	20	9	-	-
Burma	428	226	135	192	195	97	32	21	35	37
China (including Manchuria)	7,038	5,600	5,556	6,400	6,100	2,855	1,820	1,925	2,136	2,115
French Indochina	36	-	-	-	-	6	-	-	3	-
Japan	2	12	-	-	14	1	2	-	4	5
India	g/ 24,204	10,933	11,434	10,932	10,800	g/ 5,348	2,358	2,341	2,510	1,940
Korea	564	442	312	355	282	180	103	75	64	77
Netherlands Indies	27	-	-	-	-	9	-	1	-	-
Pakistan	g/	2,818	3,230	3,122	2,800	g/	1,171	1,157	925	833
Philippine Islands	5	10	5	-	-	1	2	1	d/	-
Siam	16	-	81	87	-	7	17	23	27	25
Total e/	33,805	21,231	21,721	21,975	21,388	9,020	5,832	5,856	6,046	5,425

SOUTH AMERICA:										
Argentina	770	813	892 h/	1,037 h/	1,222	289	285	334	423	500
Brazil	5,562	5,200	5,700	4,800	5,300	1,956	1,350	1,350	1,260	1,465
Colombia	98	–	–	–	–	23	21	21	25	29
Ecuador	40	32	35	–	–	13	7	10	10	7
Paraguay	111	124	126	74 h/	148	40	44	55	33	50
Peru	428	346	309	321	346	384	329	299	275	325
Venezuela	50	–	–	–	–	11	13	11	10	10
Total e/	7,060	6,712	7,249	6,439	7,233	2,716	2,049	2,080	2,036	2,386
AFRICA AND OCEANIA:										
Anglo Egyptian Sudan	439	321	336	363	–	248	194	235	216	251
Belgian Congo	874	760	740	754	–	172	181	172	184	190
Kenya	–	–	–	28 h/	43	13	4	4	4	10
Nyasaland	84	–	–	–	–	12	8	9	11	–
Tanganyika	–	–	–	–	–	50	34	34	42	45
Uganda	1,477	1,146	1,253	1,037	1,551	281	191	193	141	312
Egypt	1,821	1,020	1,258	1,302	1,496	1,893	1,082	1,252	1,314	1,772
French Equatorial Africa	390	–	–	–	–	41	106	78	108	–
French Morocco	1	4	–	–	–	d/	2	2	–	–
French West Africa	–	–	–	–	–	28	9	9	14	–
Mozambique	–	–	–	–	– i/	33	99	110	101	–
Nigeria	–	–	–	–	–	36	31	28	35	50
Angola	73	–	–	–	–	13	20	27	24	20
Southern Rhodesia	2	4	4	4	4	d/	1	1	1	1
Union of South Africa	–	–	3	–	–	2	d/	1	2	5
Australia	53	7	8	8 h/	5	11	2	2	2	1
Total e/	6,176	5,232	5,496	5,215	6,017	2,840	1,966	2,160	2,204	2,906
World total e/	81,142	54,830	56,750	60,050	62,865	31,676	21,110	21,590	25,220	29,140

a/ United States production in bales of 500 pounds gross weight (480 pounds net); others in bales of 478 pounds net through 1945 and 480 pounds thereafter. b/ Years shown refer to years of harvest. c/ Preliminary. d/ Less than 500. e/ Includes estimates for minor-producing countries not listed above and allowances for other figures not available. f/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. g/ Pakistan included with India. h/ Planted area. i/ Exports.

Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics, reports of United States Foreign Service officers and results of office research.

Cotton production in Europe, mostly in Greece, Bulgaria, Spain, Rumania, Italy, and Yugoslavia, in that order of importance, has practically doubled since the end of the war. The total of 155,000 bales for 1948-49 is slightly higher than the 147,000 prewar average. These figures represent only about 10 percent of the annual requirements of the 6 countries that produce cotton.

New information regarding 1947 and 1948 cotton production in Uzbekistan, the most important cotton growing region of the Soviet Union, and some other regions in Central Asia led to the revision of the 1947 and 1948 production figures. The 1947 crop is now estimated at 2,400,000 bales as against the former published figure of 2,600,000 and the 1948 crop is placed at 2,800,000 bales as against the earlier estimate of 2,500,000 bales. It should be borne in mind that there is no complete information available on the total ginned Soviet crop and the above estimates are, therefore, still tentative and subject to further revision as more information becomes available. The amount of cotton harvested in 1948 may have been smaller than production estimates would indicate because of reported harvesting difficulties. As in earlier years, production goals of the government plans were not reached in 1948. Although unfavorable weather conditions were no doubt in part responsible, there has been official criticism of the efficiency of management and workers on many collective farms in the cotton-growing regions.

That the difficulty experienced by the Soviet Government in its drive to increase cotton production was due in no small measure to the lack of incentive to grow cotton on the part of the farmers is attested by the fact that a new decree, issued in February 1949, contains provisions aimed at increasing the earnings of cotton growers with a view to stimulating their interest in a larger output. In addition, the decree (the full text of which is not yet available) prescribes various other measures to increase cotton production. Thus the Soviet Government campaign for larger cotton supplies, apparently spurred by the desire to provide more cotton for the textile industries in the eastern European countries of the Soviet bloc, has continued unabated during the current year. The Government program, however, is threatened at the outset by unfavorable weather conditions this spring which delayed cotton planting. This may affect the yields adversely.

The 1948-49 estimate for India has been further reduced to 1,940,000 bales (of 500 pounds gross) from the previous estimate of 2,050,000 and is the smallest crop for many years. The reduction is attributed mostly to drought in the Gujerat and Saurashtra areas and heavy unseasonal rains in central India. In Pakistan, current estimates of the 1948-49 crop average about 833,000 bales, a reduction of 222,000 from the last report and 92,000 below last year's crop. The smaller crop is attributed to a reduction of nearly 10 percent in acreage and to subnormal conditions, particularly in the West Punjab. Arrivals at Karachi to April 14, 1949, from that province were about 36 percent below those of a year ago at the same date.

Accurate estimating of the China crop is difficult because of the spread of military activities in the Civil War through a major portion of the cotton areas. Information reported recently by Owen L. Dawson, Agricultural Attache at the American Consulate General, Shanghai, indicates a crop of about 2,115,000 bales in 1948-49 or about the same as a year ago. Production was reported higher than last year in northern China where high cotton prices encouraged farmers to plant a larger acreage and weather conditions were favorable. Excessive rain and floods in central China caused decreases in some of the principal cotton areas.

There is little change to report in Turkey where the 1948-49 crop of 235,000 bales is slightly higher than those of the 2 previous years and slightly below the prewar average of 249,000 bales. A larger increase was expected in 1948 until the crop suffered heavy infestation by corn ear-worms. About 93 percent of the 1948 crop was of the Acala variety and the remainder was an Asiatic (native) type called Yerli.

The Korean crop of 77,000 bales in 1948-49 was less than half of the prewar average of 180,000 as cotton continued to give way to expanding food crops. The wartime Japanese policy of increasing cotton production in Korea resulted in a rise to more than 200,000 bales annually with a consequent reduction in food crops. Postwar scarcity and high prices of food caused a diversion of considerable cotton land to food crops. Production in other countries of Asia is generally below the prewar average (except in Siam and Syria) because of pressure to maintain production of food crops.

The 1948-49 crop in Brazil, now estimated at 1,465,000 bales, is 65,000 above the last previous estimate due mostly to an upward revision in North Brazil figures. This crop is somewhat larger than those of the previous 3 years but 25 percent below the 5-year prewar average. Increased production this year is attributed mostly to increased acreage. Weather conditions in South Brazil have been favorable for the crop now being harvested and the average quality may equal the high quality of the 1947-48 crop.

Migration of farm labor to urban areas for higher wages since the latter part of the war period, high local prices for food products, and several consecutive years of unfavorable weather for cotton are the principal factors responsible for reduced cotton production since 1943-44. There is little prospect for a return to the high wartime level of production as long as a large portion of farm labor is attracted to urban areas by steady employment and high wages.

In Argentina a near-record crop of at least 500,000 bales (unofficial estimate) is now being harvested from record plantings estimated at about 1,222,000 acres. This production estimate is 18 percent above that for 1947-48 and 73 percent above the prewar average of 289,000 bales. Growing conditions were exceptionally favorable until late in March when heavy rains in the Chaco may have caused some damage to cotton being picked (the picking season starts about March 1).

Widespread shortage of labor was reported this year and as in Brazil, it was due to attraction of farm labor to urban areas for higher wages and better living conditions. Greater mechanization is being sought as a solution to the problem of labor shortage.

The 1948-49 cotton crop in Peru is tentatively estimated at about 325,000 bales, compared with 275,000 last year, but it is too early for an accurate estimate as picking in heavy volume is usually begun in April. A small increase in acreage from 321,000 to 346,000 acres was reported and weather conditions were more favorable than for the last crop. The outlook for production of Pima this year is more favorable because of adequate water for irrigation and better control of insect pests.

Cotton acreage is only slightly above the low restricted wartime level. The principal causes for continued low cotton acreage are the Peruvian Government's requirements that a certain percentage of the cultivated land on the coastal plantations be planted to food crops and the relatively high prices available for food crops.

Growing conditions in Paraguay have been favorable for cotton during the 1948-49 season to date and a crop of at least 50,000 bales is expected from the 148,000 acres planted. The quality of the crop is also reported to be better than average.

Production and acreage in Colombia, Venezuela, and Ecuador do not vary much from year to year. All 3 countries are deficit cotton producers and offer considerable tariff protection and other encouragement to cotton growers but the areas suitable for profitable cotton cultivation are limited.

Weather conditions were favorable for cotton growing throughout most of the African cotton areas in 1948-49 and acreage as well as yields were increased. Production in Egypt rose to 1,772,000 bales from 1,496,000 acres as result of modification of the government's cotton acreage restrictions and a higher average yield. Further modification of acreage restrictions for the 1949-50 crop, already announced, will permit a crop next year approximately equal to the prewar average of 1,893,000 bales from 1,821,000 acres. The acreage controls still in effect are intended mostly to curb the expansion of acreage planted to Karnak and other extra-long staple varieties.

Production in the Anglo-Egyptian-Sudan is up by 16 percent to 251,000 bales in 1948-49 which is about equal to the prewar average of 248,000. In the Belgian Congo, production of 190,000 bales in 1948-49 is slightly above the prewar average of 172,000 bales. Production of 312,000 bales in Uganda in 1948-49 represents an increase of 121 percent above the abnormally small crop of 141,000 in 1947-48 and 11 percent above the prewar average of 281,000 bales. Smaller increases were reported in Tanganyika and Kenya in East Africa and Nigeria in West Africa.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report, the Committee was composed of Joseph A. Becker, Chairman, Charles H. Barber, Dwight R. Bishop, Lazar Volin, and Mary E. Long.

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OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
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RECENT TRENDS IN MEXICAN COTTON [1]

Cotton is the second most important Mexican crop in value of production, ranking next to corn. In terms of area harvested cotton is fourth, following corn, beans, and wheat. Production of cotton in Mexico averaged approximately 375,000 bales of 500 pounds net weight annually from 1936 to 1945 on an average area of 330,000 hectares or 815,000 acres. Subsequent crops, as estimated by the American Embassy in Mexico City, reached 452,000 bales in 1946, 475,000 bales in 1947, and 550,000 bales in 1948.

Average annual exports of cotton from 1936 to 1945 were 75,000 bales. As an export, raw cotton ranked thirteenth in value among all commodities during the 1936-1945 decade. In the same period, cotton was fifth among agricultural exports, following henequen, coffee, chicle, and cattle. Cotton became the sixth Mexican export in 1946, behind cotton textiles, silver, lead, fish and other seafood, and zinc. In 1947 raw cotton moved into second place, being exceeded only by lead in value of exports. Raw cotton exports in 1948 dropped to the 1946 level, although the peso value was double that of 1946 because of devaluation of the peso early in the ginning season.

Mexican imports of raw cotton run from one to three thousand bales a year, mostly long staple fiber of the Egyptian type.

Average annual consumption of raw cotton in Mexico is about 280,000 bales. During the peak war-time period, consumption exceeded 300,000 bales several years, but a decline of more than 10 percent in 1947, indicates a return to average levels.

Mexican cotton is grown largely on irrigated land and is thus restricted to a few important regions. All Mexican cotton is of the American Uplands type and most is grown from United States seed. Imports of seed run from ten to twenty-five million pounds per year.

The use of cotton in Mexico is completely industrialized. All production is ginned in the growing areas. Other plants in these regions cut linters and express oil from cottonseed obtained in ginning.

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[1] Prepared by John Newton Smith, Foreign Service Officer, temporarily on duty with the Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

Adequate warehousing exists in cotton growing and in cotton textile centers. The Mexican cotton textile industry operates 254 spinning and weaving mills with more than 950,000 spindles and 33,800 looms.

Mexican cotton production - 1925 to 1948

	Area harvested		Average yield		Production	
	1,000 hectares	1,000 acres	Kgs. per hectare	lbs. per acre	1,000 bales (500 lbs. net)	1,000 bales (500 lbs. gross)
1925	172	425	253	226	189	200
1926	248	613	314	281	339	360
1927	132	326	294	263	169	179
1928	203	502	297	265	263	278
1929	199	492	268	239	232	246
1930	158	390	244	217	167	178
1931	129	319	353	315	198	210
1932	78	192	283	252	96	102
1933	172	424	329	293	246	260
1934	169	418	286	255	210	223
1935	266	657	257	229	297	315
1936	343	847	251	224	374	397
1937	336	830	220	196	321	341
1938	260	642	256	228	289	307
1939	262	648	258	230	294	312
1940	254	627	258	230	285	302
1941	316	781	257	229	353	375
1942	362	895	284	253	448	458
1943	409	1,010	283	252	504	515
1944	390	963	272	243	461	472
1945	366	904	267	238	424	434
1946	327	808	278	248	397	407
1947 a/	340	839	271	242	400	408
1948 a/	359	887	291	260	454	465
1946 b/	341	843	305	268	452	460
1947 b/	375	926	291	256	475	484
1948 b/	425	1,050	298	262	550	560

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a/ Preliminary figures.
b/ Embassy estimates.

Source: Boletín Mensual de la Dirección de Economíe Rural, Secretaria de Agricultura y Ganaderia.

PRODUCTION

Cotton production in Mexico averaged 375,000 bales of 500 pounds net weight annually from 1936 through 1945. Average annual area harvested was approximately 330,000 hectares or 815,000 acres. Subsequent crops, as estimated by the American Embassy, reached 452,000 bales in 1946, 475,000 bales in 1947, and 550,000 bales in 1948. The last crop exceeded all records since the statistical service of the Ministry of Agriculture was established in 1925.

Since most Mexican cotton is grown on irrigated land, the major growing regions are widely separated and quite distinct. Planting in the most important areas takes place from January to May and picking from July to December. A brief description of the chief cotton regions follows.

La Laguna. This irrigation district consisting of a dry lake bed, comprising the municipalities of Torreón, San Pedro, Matamoros, and Viezca in the State of Coahuila and the municipalities of Gómez Palacio, Lerdo, Mapimi, and Nazas in the State of Durango, contains approximately 245,000 hectares of cultivable land. Irrigated crop area varies from 125,000 to 145,000 hectares annually depending upon water reserves in storage basins. Wheat competes strongly with cotton in this area, 92,000 hectares being harvested in 1948 as compared to 79,000 hectares of cotton. The rich land of the district produces the highest cotton yields in Mexico.

Cotton Seasons in Mexico

Region	Planting season	Picking season
La Laguna	February to April	July to October
Matamoros	February to April	July to September
Mexicali	March to April	September to December
Delicias	February to April	September to November
Juárez	March to May	September to November
Don Martín	February to March	July to August
Sonora	February to May	July to October
Sinaloa	June to August	October to December
Nayarit	August to September	January to February
Guerrero	August to September	January to March
Oaxaca	August to September	January to February
Verzcruz	September to November	April to May

Mexicali. This irrigation district in the northern territory of Baja California is an extension of the Imperial Valley region of the lower Colorado River in the United States. Crop land consists of 200,000 to 250,000 hectares of which about 125,000 are irrigated. Crops which compete with cotton are wheat, flax, barley, and alfalfa. This is the only region in Mexico which is free of the pink bollworm and of consequent restrictions on shipments to the United States. Practically all of the production is exported.

MEXICAN COTTON AREA BY REGIONS - THOUSAND HECTARES

Region	1936-40 a/ Average	1941-45 a/ Average	1946 b/	1947 b/	1948 b/
La Laguna	104	119	78	84	80
Matamoros	49	74	115	125	160
Mexicali	51	78	68	71	75
Delicias	23	29	30	32	40
Juárez	16	18	18	20	20
West Coast	13	26	10	16	20
Don Martín	20	14	13	17	20
Others	15	11	9	10	10
Total	291	369	341	375	425

a/ Official figures. b/ Embassy estimates.

Matamoros. This region comprises about 200,000 hectares in the lower Rio Grande valley from Camargo, Tamaulipas, to the port of Matamoros. About half of the available crop land is irrigated. Future dam and canal developments are expected to provide some 400,000 hectares of irrigated land, making the area the richest in Mexico. The only competition for cotton is the small area devoted to corn, beans, and other subsistent crops. The chief disadvantage of the region is the uncertainty of rain, since drouth frequently destroys one-third to one-half of plantings. Most of this crop is exported.

Delicias. This irrigation district extends along the Rio de Conchos in the State of Chihuahua from Camargo to Ojinaga on the Rio Grande. Delicias, at the junction of the San Pedro and Conchos, is at the center of an irrigated area of about 40,000 hectares. An eventual total of 70,000 hectares is projected for the district. Wheat is competitive with cotton in the area, average plantings being about 15,000 hectares from 1941 through 1945.

MEXICAN COTTON PRODUCTION BY REGIONS - THOUSAND BALES

Region	1936-40 a/ Average	1941-45 a/ Average	1946 b/	1947 b/	1948 b/
La Laguna	120	194	135	170	172
Matamoros	43	64	160	107	156
Mexicali	55	79	75	95	120
Delicias	29	32	28	36	45
Juárez	21	22	26	27	25
West Coast	12	25	9	20	22
Don Martín	17	13	15	17	22
Others	16	9	4	3	3
Total	313	438	452	475	565

a/ Official figures. b/ Embassy estimates.

Juárez. This irrigation district around Ciudad Juárez in the State of Chihuahua, opposite El Paso, Texas, consists of about 22,500 hectares. To this is added about 2,000 hectares around Villa Ahumada to the south and about 1,500 hectares around La Ascención to the west. Plantings in the Juárez area are limited by water available from the Rio Grande, and so little expansion is practicable.

COMPARISON OF AVERAGE YIELDS IN MEXICO AND UNITED STATES

	1936-45 Kgs. per hectare	1936-45 Lbs. per acre		1936-45 Kgs. per hectare	1936-45 Lbs. per acre
Mexico	262	234	United States	281	251
La Laguna	325	290	California	657	586
Matamoros	200	179	Arizona	465	415
Mexicali	239	213	New Mexico	534	477
Delicias	270	241	Texas	188	168
Juárez	293	262	Arkansas	364	325
West Coast	222	198	Mississippi	371	331
Don Martín	202	180	Georgia	267	238

Don Martín (Anáhuac). This irrigation district consists of the municipalities of Progreso and Villa Juárez in the State of Coahuila and the municipality of Lampazos in the State of Nuevo León. The area lies along the river called Sabinas in Coahuila and Salado in Nuevo León. The government calls the region after the Don Martín dam which is the key work of the area, but the trade uses the name of the shipping point, Ciudad Anáhuac, on the railroad between Nuevo Laredo and Lampazos. Crop land includes some 45,000 hectares, half of which are irrigated.

West Coast. This region includes several irrigated river valleys on the Pacific coast. The most important of these are the Valle del Yaqui in southwestern Sonora, the Valle del Fuerte in northern Sinaloa, the Sinaloa and Culiacan valleys in central Sinaloa, and the Santiago Ixcuintla region of northern Nayarit. Not much interest is given to cotton in these areas, which are largely devoted to oilseeds, grains, and winter vegetables. The area in Nayarit is the most important tobacco region in Mexico. Cotton is planted on 10,000 to 20,000 hectares annually on the West Coast, and in 1943 plantings approached 40,000 hectares.

Others. Other regions in Mexico include coastal areas in Colima, Guerrerro and Oaxaca, some river land in Chiapas, some areas of southern Veracruz, and a small area around Ciudad Victoria in Tamaulipas. Maximum plantings in these regions were never large and have dwindled considerably in recent years. Recent estimates have averaged around 10,000 hectares annually. Other crops have largely replaced former cotton plantings.

Preparation of land and cultivation of cotton is for the most part mechanized in Mexico, but the entire crop is still hand-picked. The use of insecticide and application by airplane dusting is increasing steadily.

Fertilizers are not nearly so widely used as in the United States. This last fact, as well as inopportune weather, may account for the generally lower yields of cotton in Mexico in comparison with those of the United States.

CONSUMPTION

Consumption of raw cotton in Mexico averaged around 225,000 bales of 230 kilograms annually before the war. During the war consumption increased until it exceeded 300,000 bales in 1945 and 1946. This was all domestic cotton except for small amounts of imported long staple.

The Mexican textile industry prefers relatively long fibers and most of domestic consumption represents fiber lengths of over one inch. This is so much the case that prices might well be quoted for one inch or even longer lengths rather than the standard 15/16. Necessarily, most Mexican exports are of the shorter fiber lengths. In the same way, the Mexican user of domestic cotton prefers the higher grades and is unlikely to accept stained cotton.

Mill Consumption of Raw Cotton in Mexico, 1937 to 1947

Year	Lint cotton Metric tons	Lint cotton 230-Kilo bales (Bales of 500 lbs.)	Lint cotton 217-Kilo bales (Bales of 478 lbs.)	Cotton linters M.T.
1937	52,921	230,093	243,877	a/
1938	50,809	220,908	234,142	a/
1939	49,119	213,559	226,353	a/
1940	51,507	223,944	237,360	a/
1941	57,130	248,392	263,272	584
1942	65,358	284,165	301,188	909
1943	68,162	296,358	314,112	1,542
1944	68,754	298,930	316,839	577
1945	69,382	301,659	319,731	687
1946	69,740	303,216	321,381	2,582
1947	62,453	271,535	287,802	2,502

a/ Not available.

Source: Dirección General de Estadistica, Secretaría de Economía Nacional.

FOREIGN TRADE

Cotton is one of the most important Mexican exports. During the 10 years from 1936 to 1945 exports of raw cotton averaged 75,000 bales valued at more than 20,000,000 pesos annually. This placed cotton fifth among agricultural exports and thirteenth among all export commodities during the decade in spite of export restrictions on raw cotton during the war years. The prewar peak of raw cotton exports was reached in 1936 when shipments equaled 60 percent of average annual production. Cotton exports were considerably less during the next 7 years, averaging only about 10 percent of annual production. The low exports of 1942 represented only 1 percent of 1936 exports. This period of low exports is attributed to Mexican government restrictions and to absence of demand abroad. In 1944 exports increased to about 25 percent of annual production and the same relationship was continued in 1945. Exports in 1946 and 1948 again approached the level of 1936, and in 1947 a record quantity was exported.

The value of exports in 1936, totalling just over 46,000,000 pesos, placed raw cotton first among agricultural exports and sixth among all exports, being exceeded only by petroleum, gold, silver, lead, and zinc. Raw cotton was the ninth Mexican export in 1938, eighth in 1944, and thirteenth in 1934, 1937, 1941, and 1945. In 1946, raw cotton was again the leading agricultural export with a value of 73,700,000 pesos and again stood sixth among all exports, following cotton textiles, silver, lead, fish and seafood, and zinc. Raw cotton moved to second place behind lead in 1947 with a value of 217,000,000 pesos. The value of cotton exports in 1948 declined 30 percent, but because of peso devaluation was still double the value of 1946 exports of about the same volume.

Exports of Raw Cotton and By-Products, 1934 to 1947

			Cottonseed		
Year	Raw cotton (Bales)	Linters M.T.	Cake M.T.	Meal M.T.	Hulls M.T.
1934	15,282	4,225	34,492	2,365	4,265
1935	115,959	3,799	19,975	2,967	4,978
1936	226,075	6,539	36,899	2,793	9,676
1937	40,889	3,806	26,040	937	2,754
1938	95,953	4,037	15,984	1,810	2,587
1939	32,522	2,906	8,557	2,747	4,373
1940	22,775	4,044	3,806	1,365	6,495
1941	55,959	5,198	2,416	989	4,298
1942	2,324	7,509	7,879	3,745	9,013
1943	22,896	11,361	15,971	11,587	3,989
1944	127,336	7,968	8,243	11,097	2,052
1945	123,394	7,573	5,748	9,039	2,903
1946	207,234	10,889	14,756	20,173	5,218
1947	385,070	12,711	54,728	9,094	9,615

Source: Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos, 1939, 1940, 1942, 1943-1944, 1945-46; Dirección General de Estadistica, Secretaría de Economía Nacional.

Byproducts of raw cotton such as linters, cottonseed cake and meal, and hulls are also important Mexican exports.

The most phenomenal boom in Mexican exports occurred in cotton textiles during the war years. Annual value of exports had not exceeded 30,000 pesos before 1941, but that year approached 2,000,000 pesos, and jumped to over 36,000,000 pesos in 1942. Export value of cotton textiles increased by 66 percent in 1943, by 10 percent in 1944, by 63 percent in 1945, and by 32 percent in 1946. Cotton textiles were in seventh place among all Mexican exports according to value in 1942. They soared to fourth place in 1943, third in 1944, and first in 1945 and 1946.

The cause of these expanded exports was the withdrawal of the major textile exporting countries from world trade, leaving an unsatisfied demand in importing countries. The major customers of Mexico became the United States, the Caribbean countries, the Central American Republics, and African colonies. Argentina, Colombia, Ecuador, Peru, Chile, and Venezuela were other important customers. With the return of traditional exporters to the world textile trade in 1947, the value of Mexican cotton textile exports declined by more than 38 percent, dropping to third place among export commodities. The decline in cotton textile exports continued in 1948, total value dropping by 45 percent, in spite of the peso devaluation, to a level only one-third of the 1946 peak.

The only important raw cotton import into Mexico is long staple fiber for special types of cotton textiles. Imports of long staple cotton averaged approximately 1,500 bales annually from 1936 through 1945. Imports in 1947 and in 1948 were slightly over 2,000 bales. Most of these imports come from Egypt and Peru although some exports are made from the United States. Imports from Egypt were dominant through 1941 but Peru became the most important source in the following year and has continued in first position.

INDUSTRY

The industrialization of cotton in Mexico is well-developed. All seed cotton is ginned in the growing regions. Mexico has approximately 150 ginning establishments operating 460 ginning machines. In the larger centers, linters are cut and oil expressed from cottonseed thus providing an ample supply of these products for the Mexican economy.

Adequate cotton warehousing capacity exists in both growing and manufacturing areas of Mexico. Estimated space in thousands of bales for the chief centers is as follows:

Chihuahua	20	Guadalajara	200
Ciudad Juárez	25	Mexico, D. F.	690
Delicias	45	Monterrey	175
Matamoros	100	Puebla	20
Mexicali	100	Tampico	20
Torreón	195		

High-density presses for compressing export cotton are located in Matamoros, Mexicali, and Torreón. Other compress facilities are in Delicias, Ciudad Juárez, and Monterrey.

There are no cotton exchanges in Mexico comparable to the important world exchanges. The nearest thing to a National association is the Confederación Nacional de Productores Agricolas. Although this is a general farmers' and planters' association, its chief interests are cotton and wheat. Another group is the Asociación Algodonera Mexicana with headquarters in Matamoros, Tamaulipas. This is primarily made up of buyers, exporters and processors of cotton rather than growers.

There are no public events exclusively dedicated to cotton. Most festivals in Mexico are religious or patriotic and are not usually connected with commodities. There is a Feria de Vestido annually in Mexico City, but this is chiefly supported by manufacturers and merchants of the garment industry.

The cotton textile industry is the most important manufacturing industry in Mexico in terms of investment and production. There are 254 spinning and weaving mills in 18 states and the Federal District, with more than 950,000 spindles and 33,800 looms. The most important centers with the approximate thousands of spindles are the following:

Puebla	207	Tlaxcala	43
Mexico, D.F.	122	Querétaro	29
Orizaba	146	Salvatierra, Guanajuato	28
Atlixco, Puebla	76	Toluca, Mexico	27
Guadalajara	62	Parras, Coahuila	23

From 1940 to the peak year in 1946, employment in the cotton textile industry increased by 27 percent, number of hours worked by 30 percent, value of raw materials consumed by 137 percent, and value of production by 198 percent. Value of raw materials consumed continued to climb in 1947, reaching 175 percent of 1940. Also the highest employment of plant capacity was reached in 1947 with an annual average of 94 percent. Otherwise, textile production had begun to decline. Estimated investment value of the cotton textile industry in 1947 was approximately 200,000,000 pesos.

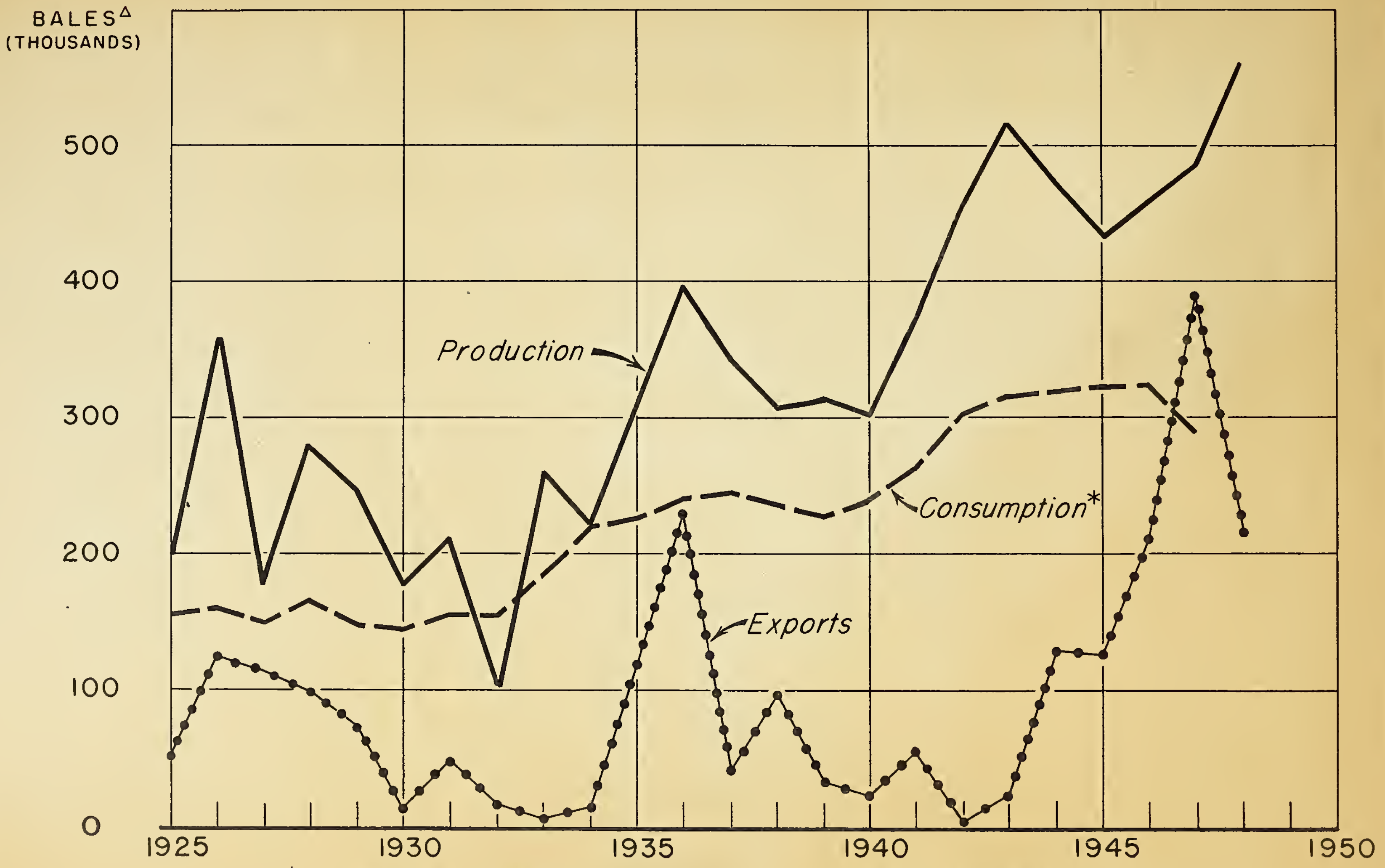
COTTON: Production, consumption, and exports of Mexico

(In bales of 478 pounds net)

Year	Production	Consumption 1/	Exports
	1,000 bales	1,000 bales	1,000 bales
1925	200	155	53
1926	360	160	124
1927	179	150	113
1928	278	165	99
1929	246	150	73
1930	178	145	13
1931	210	155	49
1932	102	155	17
1933	260	185	6
1934	223	220	15
1935	315	225	118
1936	397	240	229
1937	341	244	41
1938	307	234	97
1939	312	226	33
1940	302	237	23
1941	375	263	57
1942	458	301	2
1943	515	314	23
1944	472	317	129
1945	434	320	125
1946	460	321	210
1947	484	288	391
1948	560		215

1/ Consumption estimated 1925-1936; actual thereafter.

COTTON: PRODUCTION, CONSUMPTION, AND EXPORTS OF MEXICO, 1925-48



*CONSUMPTION ESTIMATED FOR 1925-36

^Δ478 POUNDS NET

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-12-49 June 13, 1949

COTTON CONSUMPTION RISES IN NORWAY [1]

Cotton consumption in Norway has increased to a rate of about 17,000 bales annually and is now 25 percent above the prewar level. The goal for the calendar year 1949 has been set at 23,000 bales or an increase of 35 percent over 1948.

Shortage of labor has been the principal factor limiting the expansion of textile production. Some of the mills have been unable to secure sufficient labor to run more than 1 shift. However, a number of mills have been able to operate 2 shifts, and the industry probably averages about 1-1/2 shifts per day. If sufficient labor could be obtained, cotton consumption would undoubtedly show a considerable increase.

The cotton industry reported 61,802 spindles [2] and 2,645 looms in use on March 1, 1949. This is an increase of about 20 percent over the number in 1941.

Imports of textile machinery before the war were limited and during the war were non-existent. The exchange shortage has prevented postwar importations of equipment on the scale needed.

Some of the mills possess quite modern equipment but, in general, the textile machinery is not up to date. A portion of the spinning machinery in particular is in bad condition. This is due in part to the extremely inferior, used yarn that was respun during the war. There is some shortage of spare parts, especially in the knitting industry where many of the machines are of German make and no longer manufactured.

The government has plans for the complete modernization of the industry but this program will take considerable time. Norway imports 75 to 80 percent of its cotton textile requirements. The cutting off of these imports and the deprivation suffered during the 2 world wars has convinced Norway of the need for a larger cotton textile industry.

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[1] Based on a report by John H. Clagett, Third Secretary, American Embassy, Oslo, Norway.
[2] Includes spindles used for turning and doubling.

Prepared by Glenn A. Ruggles, Agricultural Economist, Office of Foreign Agricultural Relations, U.S. Department of Agriculture.

The textile industry, in common with nearly all Norwegian industry, is closely regulated by the government. The Ministry of Supply estimates the various requirements of raw materials, machinery and other needed items. Applications for import licenses must be approved by the Import-Export Directorate. The Price Directorate sets prices. The Ministry of Supply apportions raw materials to the various factories.

All textile products are rationed in Norway and supplies for the domestic market have been restricted to about 85 percent of the prewar level. The principal factor affecting consumption of cotton textiles in Norway is the continuing shortage of foreign exchange and the resulting necessity of budgeting foreign expenditures very carefully. This currency situation has also led to the bilateral trade agreement program, with the attendant practice of not buying where price, quality, and need direct, but where Norway's own export items may be exchanged for usable commodities without the expenditure of foreign exchange.

Norway has been forced to restrict imports to about 80 percent of the prewar level. This has been partially offset by increased imports of raw material and increased production of cotton textiles. Brazil has been the chief source of raw cotton supplies in the past few seasons with the United States, Peru, and India supplying practically all the remainder. In the 1947-48 season Brazil supplied 50 percent of Norway's imports and the United States supplied only 23 percent.

However, during the current season Norway has secured very little cotton from Brazil and imports from the United States have been greatly increased. From August 1, 1948 to April 30, 1949, the United States has exported 10,600 bales to Norway as compared to only 2,830 bales during the entire 1947-48 season.

NORWAY: Supply and distribution of raw cotton, 1945-46 to 1947-48

(In bales of 500 pounds gross)

	1945-46	1946-47	1947-48
Supply			
Stocks on August 1	2,900	1/ 6,723	5,580
Imports	24,168	14,031	14,913
Total supply	27,068	20,754	20,493
Distribution			
Consumption	2/ 12,545	2/ 15,174	16,158
Exports	1/ 7,800	-	-
Stocks on July 31	1/ 6,723	5,580	4,335
Total distribution	27,068	20,754	20,493

1/ Estimated.
2/ Includes 1,000 bales for estimated non-mill consumption.

Compiled from various official sources and estimates.

NORWAY: Source of raw cotton imports, average 1934-38, annual 1946, 1947, 1948 and January-March 1949

(Bales of 500 pounds gross)

Country	Average 1934-38	Calendar years			Jan.-Mar 1949
		1946	1947	1948	
United States	13,370	872	7,394	8,166	2,223
India and Burma	188	327	1,039	2,154	1,015
China	423	0	0	0	0
Germany	202	0	0	0	0
Egypt	0	545	0	0	0
Peru	26	341	1,187	2,646	0
United Kingdom	117	0	7	289	152
Brazil	195	2,234	7,000	5,309	5
France	1/	0	0	1,511	367
Others	316	692	205	1,218	243
Total	14,837	5,011	16,832	21,293	4,005

1/ If any, included in "Others."

Compiled from Foreign Service Reports.

NORWAY: Source of cotton textile imports for calendar year 1948 and first quarter 1949

Country	Calendar year 1948			January-March 1949		
	Yarn Metric tons	Fabrics Metric tons	Manufacturers Metric tons	Yarn M.T.	Fabrics M.T.	Mfgs. M.T.
United States	1/ 367	1,035	48	369	479	10
Brazil	–	5	–	–	–	–
France	2/ 25	170	35	15	165	1
Italy	3,181	10	2	340	1	–
United Kingdom	1,120	634	127	731	197	36
Finland	389	58	–	4	11	–
Netherlands	1	298	3/ 190	–	68	26
Spain	–	197	–	–	12	–
Bizone Germany	–	128	3/ 66	–	189	23
Poland	–	60	–	–	–	–
Czechoslovakia	–	28	28	–	77	18
Japan	–	64	–	–	84	–
India	–	–	–	–	2	–
Others	123	222	39	110	87	28
Total	5,206	2,909	535	1,569	1,372	142

1/ Mainly less processed yarn, unbleached, etc.
2/ Mainly fully processed yarn, dyed, etc.
3/ Fish nets.

Compiled from Foreign Service Reports.

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-13-49 June 27, 1949

SPANISH COTTON CONSUMPTION RESTRICTED 1/

The electric power shortage in Spain continues to restrict cotton textile production with little prospect of early improvement. The severe drought has cut water power so much that mills are allowed to work only on a part-time basis. Some rain fell during the spring but was not sufficient to raise the water level in reservoirs materially and heavy rain is unlikely before the fall rainy season. At present electric power is available to run textile mills only about 2 days a week. This is supplemented by water power, coal and fuel oil sufficient to operate the mills 2 more days per week, or a total of 4 days per week.

Cotton consumption in April was estimated at 29,000 bales (480 lbs. net). This was up somewhat from March, due to the special liquid fuel ration distributed for use in supplementary motors and generating equipment owned by many mills.

Under normal conditions Spain uses about 40,000 bales of cotton per month and keeps a reserve of at least 3 months' supply. If the present power shortage continues it is believed the cotton consumption may be only about half of this amount through the summer. Stocks on May 1, 1949, were estimated at 48,000 bales or nearly two months' supply at current rates of consumption.

Present supplies and imports of raw cotton are not adequate even for the present reduced rate of operations.

Brazil, Egypt, and India have been the chief sources of Spain's imports of raw cotton in the past two seasons. In 1947 Spain secured practically all its imports from these countries and in 1948 about 87 percent. The United States supplied very little cotton to Spain in those two years but recently Spanish imports of cotton have been increasing. In the first 9 months of the current season (beginning August 1, 1948), United States raw cotton exports to Spain amounted to 54,400 bales as compared to only 2,600 bales over the entire 1947-48 season. Most of these shipments, or 42,700 bales, were made in February, March, April of 1949.

1/ Based on United States Foreign Service Reports.

Prepared by Glenn A. Ruggles, Agricultural Economist, Office of Foreign Agricultural Relations, U.S. Department of Agriculture, Washington, D.C.

Because of the short supply of dollar exchange the Spanish Government carefully screens all requests for it. Approval is given only for the expenditure of dollars for commodities most urgently needed and which cannot be bought elsewhere. In 1946, 1947, and 1948, very little exchange was allotted for the purchase of United States cotton. However, with a ban on cotton exports from India and prices of Brazilian cotton high in relation to those for other similar growths, Spain has increased its imports from the United States. This was made possible by an increase in exports of Spanish products to the United States.

According to preliminary tabulations, Spain's exports to the United States in 1948 increased almost 50 percent in value over 1947. Based upon consular invoice declarations Spanish exports to the United States reached US$36.1 million in 1948, against only $24.7 million in 1947. However, the value was considerably below the near-record of $52.2 million in 1946. The sharp upswing in 1948 over 1947 was due principally to a greater movement of olives, olive oil, minerals, and metals. Olives and olive oil made up 65 percent of the total value of exports to the United States in 1948.

Spain has a trade agreement with Argentina but very little cotton has been received under it. Spain and Egypt are reported to be negotiating a commercial accord. Spanish imports of Egyptian cotton have been increasing but Spanish exports to Egypt declined in 1948.

Approximately two-thirds of the production of cotton textiles in Spain is used domestically, including Spanish possessions in Africa and about one-third is exported. At present, about 50 percent of the cotton textile exports are moving under bilateral agreements against specified imports. This probably will continue through 1949. Most of the exports of cotton textiles during the past 2 years have been destined for sterling or soft-currency countries. Over 50 percent of Spain's cotton textile exports in 1948 went to Egypt, United Kingdom, and Sweden. In 1947 about 52 percent went to Egypt, Argentina, Turkey, and South Africa. Cotton textile exports in 1948, about 25 percent above 1947, were valued at 53 million dollars or about 26 million pounds.

SPAIN: Supply and distribution of raw cotton, 1944-45 to 1947-48

(Thousand bales of 500 pounds gross)

	1944-45	1945-46	1946-47	1947-48
Supply				
Stocks on August 1	30	90	79	97
Imports	480	332	338	261
Production	27	8	23	14
Total supply	537	430	440	372
Distribution				
Consumption	445	351	324	333
Destroyed	2	-	19	-
Stocks on July 31	90	79	97	39
Total distribution	537	430	440	372

Compiled by the Office of Foreign Agricultural Relations, based on reports of American Consuls in Spain.

SPAIN: Imports of cotton by countries, calendar years 1933-1935 and 1945-1948

(1,000 bales of 500 pounds gross)

Country	Calendar Years						
	1933	1934	1935	1945	1946	1947	1948
United States	320	298	255	335	137	3	10
Egypt	55	82	109	5	7	35	21
British India	51	59	50	29	23	100	72
Argentina	4	11	21	1/	0	0	0
China	1	1	1	0	0	0	0
Brazil	0	0	0	92	133	114	165
Others	3	6	11	48	9	0	19
Total	434	457	447	509	309	252	287

1/ Less than 500 bales.

Estadistica del Comercio Exterior de Espana.

SPAIN: Exports of cotton manufactures, by country of destination, 1947 and 1948.

(Thousands of pounds)

Country of destination	1947	1948
Aden	287	789
Argentina	3,080	328
Chile	1,065	1,138
Denmark	1,358	463
Egypt	4,028	8,878
Great Britain	584	2,368
Holland	531	688
India	322	46
Iran	355	275
Ireland	871	59
Palestine	1,038	589
South Africa	1,781	22
Sweden	1,190	2,502
Turkey	2,068	139
United States	66	-
Uruguay	287	-
Others 1/	1,552	7,452
Total to foreign countries	20,463	25,736

1/ Twenty-nine countries.

Compiled from *Estadistica del Comercio Exterior de Espana*, 1947 and monthly issues 1948. Figures for 1948 are provisional.

SPAIN: Value of exports to the United States, by commodities, 1946 to 1948.

(Thousands of dollars)

Commodity	1946	1947	1948
Olives	19,755	10,542	19,530
Olive oil	4,788	2,511	4,006
Minerals and metals	5,410	1,271	3,843
Cork	3,814	2,693	2,130
Paprika	1,516	1,637	1,439
Miscellaneous inedible commodities	6,235	1,236	1,362
Miscellaneous edible commodities	591	1,300	1,145
Wine and liquor	5,284	828	754
Fish	415	161	750
Nuts	2,189	1,837	668
Skins and hair	1,410	164	293
Essential oils	758	500	228
Total	52,165	24,680	36,148

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FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-14-49 October 10, 1949

WORLD COTTON STOCKS SLIGHTLY HIGHER

World cotton stocks on hand July 31, 1949, are estimated at 14,750,000 bales by the Office of Foreign Agricultural Relations. This is only 150,000 bales higher than the revised estimate for July 31, 1948. The 1949 figure includes about 1,700,000 bales of United States-produced cotton in stocks abroad or in transit compared with 1,300,000 a year ago. Adding domestic stocks, United States cotton in all countries amounted to around 6,900,000 bales in 1949 or 47 percent of the world total, compared with 4,300,000 or 30 percent of the total a year ago.

This increase reflects a tendency on the part of countries receiving cotton under the ECA and other export programs to increase consumption of United States cotton rather than a piling up of stocks.

The distribution of world stocks this year is quite different from that of a year ago. Stocks of 5,283,000 bales (including 64,000 bales of foreign-grown cotton) in the United States on July 31, 1949, were 2,200,000 bales higher than a year ago when 89,000 bales of foreign cotton were included. In foreign surplus-producing countries the aggregate of stocks was about 450,000 bales lower than in 1948. United States stocks include about 3,800,000 bales of 1948-crop cotton in Government possession which were under loan prior to August 1, 1949, and which are now pooled for sale by the Government for the borrowers' accounts. There was no cotton from previous crops in Government stocks at that time except 47 bales from the 1947 crop.

Stocks in the importing countries as a whole were down by 1,550,000 bales, a decrease of 22 percent, mostly in India and China.

The United States and Egypt are the only producing countries that have any appreciable surplus of old-crop cotton available for export. Cotton entering export trade in 1949-50 from the other surplus countries must be drawn almost entirely from crops harvested in 1949. Brazil's stocks, estimated at 850,000 bales on July 31, 1949, are down by about 350,000 bales and contain a surplus for export in 1949-50 of only 200,000 to 300,000 bales. New crops to be harvested before next July will augment this amount to some extent although not much is available that early in the ginning season. Stocks in other surplus-producing countries of Latin America are comprised almost entirely of new-crop cotton in process of passing through gins, in ports, or in transit and are about equal to those of a year ago.

COTTON: Estimated world stocks by principal countries, July 31, 1949 with comparisons 1/

(In bales of 500 pounds gross)

Country	Stocks on hand July 31			
	1939	1947	1948	1949
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Surplus Countries:				
Mexico	150	279	100	128
United States 2/	13,033	2,530	3,080	5,283
Haiti	5	8	3	1
Iran	40	24	13	11
India 3/4/	2,165	3,880	4/	4/
Pakistan	-	-	55	79
Turkey	70	50	55	49
Argentina	243	405	439	467
Brazil	661	1,900	1,200	852
Paraguay	11	12	8	25
Peru	200	163	117	122
Anglo Egyptian Sudan	107	65	114	36
Belgian Congo	150	137	87	76
British East Africa	75	150	113	150
Egypt	325	1,354	878	875
French Equatorial Africa	15	30	85	60
Others 5/	1,050	643	764	699
Total surplus countries	18,300	11,630	7,111	8,913
Deficit Countries:				
Canada	56	110	81	50
Cuba	10	21	9	3
Belgium	150	128	125	87
Czechoslovakia	100	105	58	50
France	700	586	292	306
India	-	-	2,475	1,260
Italy	250	556	359	297
Netherlands	80	83	69	65
Spain	50	37	39	16
Sweden	60	78	79	68
Switzerland	100	99	91	61
United Kingdom	1,045	2,023	1,357	1,610
China, incl. Manchuria 3/	900	1,230	900	450
Japan	556	181	235	6/
Korea	43	31	41	35
Colombia	5	60	52	62
Australia	20	75	88	29
Others 7/	775	480	534	888
Total deficit countries	4,900	5,883	6,884	5,337
Afloat 8/	550	500	600	500
World total	23,750	18,013	14,595	14,750

1/ Estimates for Southern Hemisphere countries include unginned cotton on hand at the end of July. 2/ Running bales. 3/ Includes estimates for non-commercial stocks. 4/ Includes Pakistan prior to partition in August 1947. In group with deficit countries after 1947. 5/ Mostly U.S.S.R. and Mozambique. 6/ Included with "others". 7/ Mostly countries in Europe and South America not listed above. 8/ Estimated.

Egypt's estimated stock of 850,000 bales 1/ on July 31, 1949, was the same as a year ago and included an export surplus of about 750,000 bales. Government-held stocks on August 31, 1949, were officially reported at 256,000 equivalent 500-pound bales (practically all Karnak), compared with 373,000 a year ago. The remainder of the 639,000-bale carry-over reported on August 31 was in possession of the trade except for about 100,000 bales in mill stocks. Stocks in other parts of Africa were down by 80,000 bales to about 400,000. Since July 31 is about mid-season for these areas and there is no old-crop cotton on hand, most of the estimated stock is comprised of cotton from new crops either at gins or in ports awaiting shipment. Stocks in Pakistan, estimated at about 79,000 bales, were only 24,000 above last year's low level and little more than a working stock level for the domestic mill industry. A large part of the stock is reported to be of poor grade.

In the Union of India, a deficit cotton producing country since the partition in August 1947, stocks were down by 1,200,000 bales to about 1,260,000 which is hardly more than a working stock level. Stocks in China are difficult to estimate accurately under present wartime conditions. Incomplete data, however, indicate that coastal mill stocks were nearly exhausted by July 31 and total stocks in the country were below 450,000 bales compared with about 900,000 a year ago. Both estimates include stocks on farms and local collection centers. Stocks in Japan were considerably higher than those of a year ago and were sufficient to cover about 6-months' requirements at the present rate of consumption.

Stocks in Europe (excluding U.S.S.R.), estimated at 2,972,000 bales, are only 26,000 above the estimate for the beginning of the season. An increase of about 250,000 bales in the United Kingdom to 1.6 million was largely offset by minor decreases in Belgium, Italy, Poland, Spain, and Switzerland. Stocks in Europe, except those in the United Kingdom, were equal on the average, to only 3-months' mill requirements.

In Canada a stock of 50,000 bales was 31,000 below that of a year ago and sufficient for less than 2-months' mill requirements. In the cotton deficit countries of South America, stocks on July 31, 1949, were sufficient for about 7-months' mill requirements in Colombia, 8 months in Bolivia, and 2 months in Chile, Ecuador, Uruguay, and Venezuela. All of these countries except Chile and Uruguay produce some cotton and may have drawn an additional 1 or 2-months' supply from the local crops in August and September.

1/ Stocks actually in Egypt on this date were 105,000 bales less than this figure because that amount had been shipped but not cleared through customs. A year ago such shipments totaled 39,000 bales.

This is one of a series of regularly scheduled reports on world stocks of agricultural commodities approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report, the committee was composed of Joseph A. Becker, Chairman, A. W. Palmer, Charles H. Barber, Glenn A. Ruggles, Dwight R. Bishop, Charalambos S. Stephanides, and Tilmer O. Engebretson.

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FOREIGN AGRICULTURE CIRCULAR
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FC-15-49 October 17, 1949

WORLD COTTON TRADE STIMULATED BY ECA

World cotton exports of nearly 11.0 million bales (of 500 pounds gross weight) in the 1948-49 (August-July) marketing year were about 24 percent higher than the 1947-48 total of 8.8 million bales. The increase of 2,937,000 bales in exports from the United States was partly offset by a net decrease of 800,000 bales in exports from foreign countries as a whole. This shift in sources for cotton entering world trade is partly a result of diminishing stocks of American-type cotton available for export from foreign-producing countries. Of equal importance, however, are the results of Economic Cooperation Administration and other United States Government-sponsored programs under which about 3,254,000 bales altogether were exported to the participating countries of Western Europe, and China, and 686,000 to Japan and Korea on credit terms.

The trend toward the use of larger quantities of United States cotton in Europe may be continued to some extent in 1949-50 for the two reasons mentioned. This trend as reflected in 1949-50 imports, however, may be limited by a serious shortage of dollar exchange, particularly in Europe, the existence of sizeable stocks of cotton in some of the major importing countries, and slightly decreased consumption anticipated in some of them. World consumption as a whole is expected to be down by about 700,000 bales in 1949-50 to around 27.9 million bales (United States cotton in running bales) and may influence trade to that extent, but most of the decrease in consumption will be in China and to a smaller extent in India.

United States exports of 4,962,000 (500-pound bales) (4,748,000 running bales) in 1948-49 were more than double the total for the previous year and the largest since 1939-40. Exports under the ECA Program to European countries and their overseas territories represented 60 percent of the total. An additional 13.8 percent was accounted for by exports to Japan and Korea under a revolving credit fund and 5.7 percent to China under the Economic Cooperation Program. These programs (except in China) will be continued through the 1949-50 season and may be expected to maintain United States exports at a level around 200,000 to 300,000 bales below last year's figure. Curtailment of Economic Cooperation in China, competition from lower-priced Mexican cotton, and a slight decrease in consumption in some countries this year are the principal factors that may influence a small decrease in exports from the United States.

Brazil's exports of 955,000 bales in 1949-50 were down by 94,000 bales from the previous year as a result of depleted stocks, less than

COTTON: World exports by countries of origin

(In bales of 500 pounds gross weight)

Country	Year beginning August 1						
	1942	1943	1944	1945	1946	1947	1948 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA							
Mexico	26	31	125	263	204	359	239
United States	1,498	1,146	1,909	3,678	3,656	2,025	4,962
Others	22	31	13	29	10	31	24
Total	1,546	1,208	2,047	3,970	3,870	2,415	5,225
ASIA							
China	325	74	40	0	2/	0	0
India	134	277	317	848	827	1,061	261
Pakistan 3/	-	-	-	-	-	4/ 850	660
Iran	0	0	2/	0	8	6	16
Iraq 5/	6	7	0	0	1	2/	2
Turkey	50	36	34	2/	1	5	135
Others 6/	100	112	75	45	7	16	50
Total	615	506	466	893	844	1,938	1,124
SOUTH AMERICA							
Argentina	15	47	43	125	36	0	28
Brazil	452	533	461	1,462	1,517	1,049	955
Paraguay	26	5/ 26	5/ 30	40	50	31	27
Peru	141	153	156	425	366	267	209
Others	2/	2/	0	0	0	0	0
Total	634	759	690	2,052	1,969	1,347	1,219
AFRICA							
Anglo-Egyptian Sudan	74	295	330	280	249	226	334
Angola 5/	24	12	26	20	33	25	19
Belgian Congo 5/	149	191	138	171	221	206	203
British East Africa 5/	248	145	195	269	212	230	340
Egypt	384	794	804	862	1,467	1,567	1,611
French Equatorial Africa 5/	77	42	77	88	109	93	140
French West Africa 5/	18	2/	14	11	7	3	4
Mozambique 5/	66	71	110	66	150	81	100
Nigeria 5/	87	34	20	5	31	29	42
Others	2	2	2	2	2	2	2
Total	1,129	1,586	1,716	1,774	2,481	2,462	2,795
Other countries 7/	4	1	0	400	450	675	600
World total	3,928	4,060	4,919	9,089	9,614	8,837	10,963

1/ Preliminary. 2/ Less than 500 bales. 3/ Reported separately for the first time for 1947-48. 4/ Includes about 230,000 bales of exports from Pakistan to India. In earlier years this movement was internal trade. To this extent Asia and world totals in 1947-48 are not comparable with earlier years. 5/ Calendar years. 6/ Mostly Burma and Korea. 7/ Mostly U.S.S.R.

Office of Foreign Agricultural Relations. Prepared or estimated from official statistics, reports of U.S. Foreign Service officers, results of office research and other information.

average production, and relatively high prices. The same conditions still exist and may limit exports in 1949-50 to not more than 600,000 bales.

Exports of 209,000 bales from Peru were down by 58,000 bales as a result of depleted stocks and late harvesting of the 1948-49 crop.

Argentine exports amounted to only 28,000 bales in 1948-49 following a year when no cotton was exported. Exports have been prohibited or subject to license for 3 years because the small-to-average crops harvested during those years were little more than sufficient for domestic mill requirements.

Mexico's exports of 239,000 bales were 120,000 bales lower than in 1947-48 when most of the wartime accumulation of stocks was liquidated. The export surplus from the 1949 record crop and old-crop stocks on hand amounts to about 450,000 bales.

Egypt's exports of 1,611,000 bales were 44,000 higher than in 1947-48 and the highest since 1939-40. The rise in exports in postwar years has exceeded the rise in production, thus reducing end-season stocks each year. Old-crop stocks on hand August 1, 1949, together with the 1949 crop, however, will provide an export surplus of over 2.1 million bales for 1949-50. This is considered as more than sufficient to meet all probable demand this year.

Exports of 334,000 bales from the Anglo-Egyptian Sudan, 340,000 from British East Africa, 140,000 from French Equatorial Africa, and 100,000 from Mozambique in 1948-49 represented an increase of 45 percent for this group over the total for 1947-48. These increases totaling 284,000 bales resulted largely from increased production last year with some advance in the planting and harvesting dates. Supplies available for export from Africa outside of Egypt may be slightly smaller in 1949-50 as crops this year are reported to be smaller.

Exports from India totaled only 261,000 bales in 1949-50, a sharp drop of 800,000 bales resulting from depleted stocks and a small 1948-49 crop. The prospective crop for 1949-50 probably will not provide more than 200,000 bales for export this year. This situation may result partly because larger quantities of Indian cotton may be used in India this year in lieu of foreign-grown cotton, insufficient quantities of which are expected to be available on acceptable terms.

Pakistan's exports of 660,000 bales in 1948-49 were down by 190,000 bales from the previous year because of decreased production and congestion of export movements that caused some increase in season-end stocks. An expected increase in production this year and slightly larger stocks to begin the season should result in a 1949-50 export surplus of at least 800,000 bales. Demand for Pakistan cotton probably will exceed supply this year because of the fact that three-fourths of it is American-Upland type and may be paid for in sterling or through barter agreements.

Exports from the U.S.S.R. in 1949-50 are estimated at 600,000 bales based on incomplete trade and consumption data from the countries of Eastern Europe. These exports are comprised almost entirely of cotton exported under compensation agreements whereby a substantial portion is returned to the U.S.S.R. as finished goods and in this sense may not be considered as an export surplus. Turkey's exports increased to 135,000 bales from 5,000 in 1947-48 following the harvesting of a large 1948 crop and the abandonment of government price supports.

Little change is expected in demand from importing countries this year except in China and also in India where a 500,000-bale increase in production is forecast. Stocks in the other importing countries are sufficient for only 3 to 6 months' requirements, except in the United Kingdom where a 9-month supply was reported on August 1, 1949. Shortage of dollar exchange should result in heavy demand for sterling-area cotton (India, Pakistan, and all of Africa), and to a lesser extent, South American cotton, provided prices are not too far out of line. Supplies available from all foreign-producing countries except Egypt and Mexico, however, are too low to permit much, if any, shift to other areas for purchases to fill normal needs for American-type cotton.

Prepared by the Cotton Division, Office of Foreign Agricultural Relations, U.S. Department of Agriculture.

FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
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FC-16-49 October 24, 1949

LARGER WORLD COTTON CROP EXPECTED THIS YEAR

World cotton production, which has had an upward trend since shortly after the end of World War II, is still rising this year but at a slower rate. A preliminary survey indicates a 1949-50 world crop of 30.4 million bales (of 500 pounds gross), an increase of 1.3 million bales or 4.5 percent over the estimate for 1948-49. Increases of 3.6 million and 3.9 million bales were reported in 1947-48 and 1948-49, respectively. Smaller crops this year in China, Egypt, and East Africa are more than offset by increases in the United States, India, Mexico, the Soviet Union, and to a lesser extent in Brazil, Pakistan, and Turkey.

World production in 1949-50 is expected to exceed world consumption by approximately 2.5 million bales. Last year production exceeded consumption for the first time since the war ended but the difference was only about 150,000 bales. Most of the increase in production this year is likely to be reflected in larger stocks in the United States at the end of the current season. The textile industry in India easily can absorb the production increase of nearly 500,000 bales in that country; and most of the surplus from Mexico's record crop has already been sold for export. Other increases are relatively small and are in countries where market conditions and exchange controls practically assure easy disposal of any surplus production.

The 1949-50 crop in Mexico, now estimated at 815,000 bales, is by far the largest on record and approximately double the 1940-44 average. Acreage was increased from 1,050,000 acres in 1948 to 1,334,000 this year. One of the principal factors responsible for the sharp upward trend in acreage since 1946 is the opening of new irrigation systems in or near the principal areas already producing cotton. Devaluation of the peso on July 22, 1948, from the equivalent of 20.6 cents to 14.4 cents enhanced cotton prices in terms of Mexican currency and provided a strong incentive to increase production in 1949. A further stimulus to production was the liquidation in 1947-48 of all surplus stocks accumulated during the war period and the initiation of improvements in the ginning and handling of cotton that made the Mexican staple more readily acceptable in foreign markets.

In the United States the 1949 crop of 15,446,000 bales (October 1 estimate) is 560,000 bales or 3.8 percent larger than the 1948 crop of 14,868,000 bales and is the seventh largest on record. The acreage increase from 22,768,000 to 25,907,000 acres amounted to 13.8 percent. Yields in 1949, however, over the Cotton Belt as a whole are expected to average only

COTTON: Acreage and production in specified areas, averages 1935-39 and 1940-44, annual 1947-49 1/

Continent and country	Acreage					Production 2/				
	Year beginning August 1					Year beginning August 1				
	Averages		1947	1948 3/	1949 3/	Averages		1947	1948 3/	1949 3/
	1935-39	1940-44				1935-39	1940-44			
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA										
El Salvador	9	23	38	32	36	5	12	22	22	21
Guatemala	-	7	7	8	8	2	3	5	5	5
Mexico	725	855	927	1,050	1,334	334	425	484	570	815
Nicaragua	9	7	-	8	35	5	5	-	6	24
United States	27,788	21,992	21,269	22,768	25,907	13,149	11,957	11,857	14,868	15,446
British West Indies	20	20	9	-	-	5	5	3	3	-
Haiti	-	-	40	40	40	22	12	11	13	-
Puerto Rico	2	8	-	-	-	1	2	4/	4/	4/
Total 5/	28,642	22,960	22,299	23,920	27,374	13,523	12,421	12,386	15,487	16,328
EUROPE										
Bulgaria	85	61	105	-	-	35	17	28	-	-
Greece	168	101	105	112	142	76	27	53	55	71
Italy	56	106	45	38	42	21	27	15	12	13
Rumania 6/	8	63	109	-	-	2	11	16	-	-
Spain	46	96	108	131	142	10	17	13	29	28
Yugoslavia	8	17	-	-	-	3	5	-	-	-
Total 5/	372	445	499	586	711	147	104	135	166	207
U.S.S.R. (Europe and Asia)	5,087	3,911	3,625	4,100	4,500	3,430	2,080	2,400	2,600	-
ASIA										
Cyprus	11	6	-	-	-	3	1	1	1	-
Iran	453	384	205	259	272	171	105	80	92	78
Iraq	53	73	21	-	-	11	10	3	6	-
Syria	85	48	48	54	64	28	15	25	32	35
Turkey	667	736	502	734	875	249	241	218	308	367
Afghanistan	-	-	-	-	-	49	23	-	30	-
Burma	428	364	192	190	170	97	80	35	35	-
China (including Manchuria)	7,038	5,849	6,400	6,300	5,600	2,855	2,012	2,136	2,115	1,860
French Indochina	36	-	-	-	-	6	7	3	-	-
Japan	2	-	7	7	15	1	1	5	2	5
India	1/ 24,204	1/ 20,518	10,932	11,055	-	1/ 5,348	1/ 4,853	2,510	1,960	2,400
Korea	564	776	355	282	343	180	196	64	72	101
Indonesia	27	24	-	-	-	9	10	-	-	-
Pakistan	1/	1/	3,122	2,715	-	1/	1/	925	826	900
Philippine Islands	5	15	-	2	-	1	3	4/	4/	1
Siam	16	35	87	70	-	7	11	27	27	-
Total 5/	33,805	29,056	21,961	21,858	22,300	9,020	7,575	6,048	5,512	5,948

SOUTH AMERICA										
Argentina	770	826	815	8/ 1,235	-	289	398	423	446	-
Brazil	5,562	5,812	4,800	5,300	-	1,956	2,169	1,260	1,500	-
Colombia	98	99	-	-	-	23	22	25	30	-
Ecuador	40	38	-	-	-	13	9	10	12	9
Paraguay	111	116	74	131	-	40	42	33	50	-
Peru	428	353	321	358	-	384	310	282	264	-
Venezuela	50	53	-	-	-	11	15	10	12	6
Total 5/	7,060	7,299	6,217	7,241	7,427	2,716	2,965	2,043	2,314	2,445
AFRICA AND OCEANIA										
Anglo Egyptian Sudan	439	363	363	402	-	248	253	215	256	-
Belgian Congo	874	923	754	741	-	172	182	184	220	-
Kenya	-	-	28	43	-	13	21	4	8	-
Nyasaland	84	56	-	-	-	12	7	11	-	-
Tanganyika	-	-	-	-	-	50	45	42	38	37
Uganda	1,477	1,152	1,037	1,551	-	281	198	141	317	275
Egypt	1,821	1,162	1,302	1,496	1,754	1,893	1,243	1,314	1,836	1,616
French Equatorial Africa	390	583	-	-	-	41	87	108	-	-
French Morocco	1	5	-	-	-	4/	2	-	-	-
French West Africa	-	-	-	-	-	28	20	14	23	35
Mozambique	-	497	-	-	-	9/ 33	93	101	108	-
Nigeria	-	-	-	-	-	36	30	35	60	-
Angola	73	-	-	-	-	13	24	24	20	25
Southern Rhodesia	2	5	4	-	-	4/	1	1	-	-
Union of South Africa	-	-	-	8	-	2	1	2	6	-
Australia	53	35	7	2	-	11	7	2	1	-
Total 5/	6,176	5,641	5,299	6,135	6,328	2,840	2,220	2,203	3,021	2,772
World total 5/	81,142	69,312	59,900	63,840	68,640	31,676	27,365	25,215	29,100	30,400

1/ United States production in bales of 500 pounds gross weight (480 pounds net); others in bales of 478 pounds net through 1945, and 480 pounds thereafter. 2/ Years shown refer to years of harvest. 3/ Preliminary. 4/ Less than 500. 5/ Includes estimates for minor producing countries not listed above and allowances for other figures not available. 6/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. 7/ Included with India. 8/ Planted area. 9/ Exports.

Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics, reports of United States Foreign Service officers and results of office research.

286.2 pounds per acre compared with 313.1 in 1948. Acreage increases were reported from all cotton producing States but yields and production were reduced in all the Central and Eastern States by excessive rain and unusually heavy boll weevil damage. Favorable weather and sharp increases in acreage and yield per acre in the Western States, especially Texas and California, resulted in production increases that exceeded the losses in the Central and Eastern cotton States.

Production in Southern and Southeastern Europe increased again this year to a total of about 207,000 bales, compared with 166,000 last year and a prewar average of 147,000 bales. Most of the increase this year was accounted for by Greece and Yugoslavia.

Reports from the Soviet Union are only fragmentary but indicate that the 1949 crop may have been around 200,000 bales larger than a revised estimate of 2,600,000 for 1948. Substantial quantities of Soviet cotton were made available to the countries of Eastern and Central Europe in 1948-49 as in other postwar years but apparently were far short of the needs of those countries as evidenced by an increase in United States exports to the group as a whole (including the Soviet Union) from 99,000 bales in 1947-48 to 263,000 in 1948-49. A smaller increase in exports of cotton from Brazil to these countries also was reported.

Early reports on the 1949 crop in Turkey indicate probable production at 367,000 bales which is 59,000 bales higher than last year's above-average crop. These figures may later prove to be too high because statistics on consumption, exports, and year-end stocks for recent years do not account for disappearance of the supplies indicated by production at this level. Export demand for Turkish cotton is strong, however, since price supports were abandoned by the government last year and several trade agreements involving sale of cotton were concluded with European countries. Any surplus derived from the 1949 crop should be easily disposed of on foreign markets under present conditions relating to prices and exchange controls.

Production estimates for China this year are highly speculative in view of the difficulties involved in collecting data, but such data as are available indicate a 1949 crop of around 1,860,000 bales or about 255,000 bales below the estimate for 1948. The mill industry and home industries in China consumed between 3.0 and 3.1 million bales of cotton in 1948-49. Since imports are difficult to obtain under present conditions, efforts will be made to bring about a sharp increase in production next year.

Weather conditions were more favorable in India this year and a crop of about 2.4 million bales is expected, compared with the small crop of about 1,960,000 bales in 1948-49. Acreage is reported to be considerably larger than the 11,055,000 acres estimated for 1948-49 and yields are expected to be higher than those of a year ago.

Growing conditions in Pakistan have been favorable so far this year but acreage is about the same as the 2,715,000 acres reported for 1948-49. On this basis a crop of around 900,000 bales is expected in 1949-50, or about 75,000 bales more than that of a year ago. Most of the crop will be available for export because the mill and home industries usually require only about 150,000 bales annually. At least three-fourths of the cotton is American-Upland type and export demand is strengthened by the fact that Pakistan cotton may be paid for in sterling. Prices are slightly higher than those for comparable qualities of United States cotton.

The 1949 crop of 101,000 bales in Korea is 30 to 40 percent larger than those of the 3 previous years but is little more than half of the prewar and wartime averages. The goal for 1949 was set at 144,000 bales. Pressure for greater production of food crops has limited the cultivation of cotton in postwar years. The mill and home industries consumed a total of 120,000 bales in 1948-49 and are expected to require at least 50,000 bales in 1949-50 after consuming the entire 1949 crop.

The Argentine cotton crop now being planted is not expected to vary much from the 446,000 bales harvested in 1948-49 from 1,235,000 acres. A shortage of labor is still the principal factor retarding efforts to increase cotton production in Argentina. Production during the past 3 years has averaged little more than mill requirements, leaving little surplus for export. Mill requirements this year may reach 400,000 bales, leaving only about 50,000 bales for export.

The 1949-50 crop in Brazil also being planted (in South Brazil) at the present time cannot be estimated accurately until early in 1950 but severe drought conditions reported in September indicate acreage may not equal that of 1948-49 and production can hardly exceed last year's crop of 1,500,000 bales unless weather conditions are exceptionally favorable during the remainder of the year. Labor is still scarce and new land is not being made available for cotton cultivation on the scale maintained in recent years. The average quality of the Sao Paulo crop in 1948-49 was much lower than in the previous year according to official cotton classification reports.

Peru's 1949-50 crop now being planted is expected to return to a more normal (postwar) level of around 300,000 bales, compared with last year's low crop of 264,000 bales. Mill consumption of 60,000 bales will leave a maximum export surplus of only about 200,000 bales with practically no old-crop cotton on hand to add to the surplus.

No information is available from Paraguay to indicate any substantial variation from last year's crop of 50,000 bales.

Egypt's 1949 cotton crop is now estimated officially at 1,616,000 bales (500 pounds gross) from 1,754,000 acres, indicating a decrease of 12 percent in production from an area increased by 17 percent. Last year's figures were 1,836,000 bales from 1,496,000 acres. In early reports for 1949 a crop of over 2,000,000 bales was anticipated by private sources. Yield per acre as indicated from the official figures is 442 pounds or 25 percent below the 589 pounds reported in 1948. The damage done by cotton bollworm and leafworm this year in the northern delta provinces, where practically all of the extra long-staple cotton is grown, may have been overestimated in early reports. Varying amounts of this kind of infestation are reported every year but are usually kept under control with relatively small damage.

Planting of the 1949-50 crop in Uganda was delayed for several weeks by drought. The total acreage planted is reported to be about the same as the 1,551,000 acres harvested in 1948-49 but due to late planting, yields may be considerably lower than in the previous year. A crop of only 250,000 to 275,000 bales is expected this year, compared with a near record of 317,000 in 1948-49.

No information is available from the Anglo-Egyptian Sudan and other cotton areas on the east coast of Africa but drought at planting time was rather general and no appreciable increases, if any, are expected.

The 1949-50 crop in French West Africa is estimated at 35,000 bales, an increase of 12,000 over that in 1948-49. In Angola a crop of 25,000 bales is expected this year, representing an increase of 5,000 bales. It may be presumed that production in the Belgian Congo and French Equatorial Africa will be equal to, or larger than, the 1948-49 crops of 220,000 and 110,000 bales, respectively.